Province of Newfoundland and Labrador

Public Accounts Volume I
Consolidated Summary Financial Statements

FOR THE YEAR ENDED
MARCH 31, 2009

Newfoundland Labrador

Province of Newfoundland and Labrador

Public Accounts

Volume I

Consolidated Summary Financial Statements

For The Year Ended 31 March 2009

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INTRODUCTION

Volume I of the Public Accounts presents the consolidated summary financial statements of the Province of Newfoundland and Labrador. These statements are preceded by a report which discusses and analyzes the information contained within the summary financial statements. The report, entitled **Understanding the Financial Health of the Province of Newfoundland and Labrador**, provides a narrative review of the financial performance of the Province along with illustrations of key figures and relationships. This financial statement discussion and analysis, in conjunction with the consolidated summary financial statements, provides additional information for users of the Provinces' summary statements.

The consolidated summary financial statements combine the financial statements of the Consolidated Revenue Fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are controlled by the Government of Newfoundland and Labrador. These organizations are accountable for the administration of their financial affairs and resources either to a Minister of the Government or directly to the Legislature.

These statements are prepared on the accrual basis of accounting in accordance with the Public Sector Accounting Board (PSAB) standards of the Canadian Institute of Chartered Accountants (CICA), and as outlined in the significant accounting policies of the Province. They are prepared by the Comptroller General of Finance and are audited by the Auditor General. Budget figures, where available, are provided on several statements for comparison purposes.

The Public Accounts for the year ended 31 March 2009 also includes another volume, Volume II - Consolidated Revenue Fund Financial Statements. It presents the financial position of the Fund and the results of its activities.

The Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for 2008-09 was released in September, 2009 and presents expenditures and revenues using the modified cash basis of accounting. This is the same basis used to prepare the budgeted appropriations and revenues as per the Estimates. This report is available online at the address noted below. Another report containing a reproduction of the available financial statements of the Crown Corporations, Boards and Authorities will be released as a separate report.

The Public Accounts of the Province are tabled in the House of Assembly in accordance with Section 60 of the *Financial Administration Act*.

Internet Address

The Public Accounts are available on the Internet at:
http:/www.fin.gov.nl.ca/ComptrollerGeneral/publications.htm

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UNDERSTANDING THE FINANCIAL HEALTH OF THE PROVINCE OF NEWFOUNDLAND AND LABRADOR

I hereby present the financial statements of the Province, the Public Accounts for the 2008-09 fiscal year. To provide further information and transparency on the financial position of Newfoundland and Labrador, the audited financial statements are preceded by a discussion and analysis which highlights the fiscal health of the Province.

I am pleased to report a surplus for the fourth consecutive fiscal year. For 2008-09, the annual surplus amounted to $2.4 billion which includes the recognition of the remaining balance of the Atlantic Accord (2005) and the continued growth in offshore royalties. This growth in revenues combined with the fiscal management of our government has formed a strong foundation that we continue to build upon. This significant achievement serves as a further affirmation that the plan toward self-reliance and a prosperous future is on course and heading in the right direction.

To sustain these successes into the future, Government must remain fiscally vigilant to maintain spending at sustainable levels while continuing to focus on reducing the Province's debt position. Our commitment to this management approach is evident in the progress made thus far in reducing the Province's net debt by $3.9 billion or 33% since 2005. Further to this, net debt on a per capita basis for 2009 has been lowered to $15,734 whereas historically this measure has generally been in excess of $20,000. These accomplishments are something every Newfoundlander and Labradorian can be proud of.

Going forward, we must not dismiss the challenges of the global economy and the volatility that is inherent within the Province's revenues, especially as it pertains to non-renewable resources. Through strategic investments in our Province's economy, I am cautiously optimistic we can weather through these uncertain times and continue to strengthen our economy.

THOMAS W. MARSHALL, Q.C.
MINISTER OF FINANCE AND
PRESIDENT OF TREASURY BOARD

15 October 2009

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FINANCIAL REPORTS

Information on the financial picture of the Province can be obtained from the Public Accounts and the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund.

The Public Accounts consists of two volumes. These include:

Volume I: Consolidated Summary Financial Statements

- These are the combined audited financial statements of the Consolidated Revenue Fund (all departments) and government organizations (including Health and School Boards) which are controlled by and therefore accountable to Government.
- These statements present the consolidated financial position of the Province on an accrual basis, in accordance with the accounting standards established for governments by the Canadian Institute of Chartered Accountants (CICA).
- The consolidated summary (accrual) surplus for the year ended 31 March 2009 as presented in Volume I is $2.4 billion; net debt is $8.0 billion; and accumulated deficit is $5.5 billion.

Volume II: Consolidated Revenue Fund (CRF) Financial Statements

- These are the audited financial statements of the Consolidated Revenue Fund (all departments) on an accrual basis.
- The CRF (accrual) surplus for the year ended 31 March 2009 as presented in Volume II is $2.2 billion; net debt is $8.2 billion; and accumulated deficit is $6.9 billion.

The Auditor General issued an unqualified audit opinion on both volumes of the 2008-09 Public Accounts.

The Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund presents the actual overall budgetary contribution (requirement) of the Consolidated Revenue Fund as at 31 March 2009.

- This report is prepared using the modified cash basis of accounting and is not subject to an audit opinion.
- The budgetary contribution of $2.2 billion for the year ended 31 March 2009 is comprised of a current account financial contribution of $3.0 billion offset by a capital account financial requirement of $756.6 million.

The Public Accounts and the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund can be found on the Government's website at:

www.fin.gov.nl.ca/ComptrollerGeneral/Publications.htm

Copies of all volumes of the Public Accounts, the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund, and the Financial Statements of Crown Corporations, Boards and Authorities can be obtained at the Queen's Printer, Confederation Building.

FINANCIAL DISCUSSION AND ANALYSIS REPORT

The inclusion of this report, a financial discussion and analysis of the Public Accounts, is a practice recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The Public Sector Accounting Board sets the accounting standards for Canadian senior governments.

Information provided in this report will focus on the consolidated summary financial statements of the Province. Throughout this report, any reference to a particular year means the fiscal year ended in that year. For example, reference to 2009 means the fiscal year ended 31 March 2009.

GLOSSARY OF TERMS

To assist in understanding the discussion and analysis to follow in this report, definitions of the various terms used are provided below:

Accrual Basis:	A method of accounting whereby revenues are recorded when earned and expenses are recorded when liabilities are incurred.
Accumulated Deficit:	Liabilities less total assets. This equals the net accumulation of all annual surpluses and deficits experienced by the Province.
Annual Surplus/ (Deficit):	The excess of annual revenues (expenses) over annual expenses (revenues).
Budgetary Contribution/ (Requirement):	The difference between revenues and expenditure cash flows of the Consolidated Revenue Fund generated as a result of the operations of government departments during the year.
Cash Basis:	A method of accounting whereby revenues are recorded when received and expenditures are recorded when paid.
Deferred Revenue:	Represents funding received in advance of revenue recognition criteria being met.
Financial Assets:	Assets (such as cash, receivables and investments) to be used to reduce existing or future liabilities.
GDP:	Gross Domestic Product (at market prices) of the Province.
Interest Cost:	Interest on the Province's debt (e.g. borrowings, unfunded pension liability), as well as other debt related expenses.
Net Borrowings:	Total borrowings (debentures, treasury bills, etc.) less sinking funds. Also referred to as provincial debt in this report.
Net Debt:	Liabilities less financial assets.
Non-Financial Assets:	Assets consumed in the delivery of government services, but not intended to reduce existing or future liabilities. Non-financial assets are primarily comprised of tangible capital assets.

Tangible Capital Assets:	Non-financial assets which are held for use in the production or supply of goods and services and have useful economic lives extending beyond an accounting period. Examples include buildings, roads, infrastructure, marine vessels, heavy equipment and machinery.
Unfunded Pension Liability:	The total unpaid pension benefits earned by existing/former employees and retirees less the value of assets set aside to fund the benefits.

CONSOLIDATED ACCRUAL RESULT

Compared to Previous Year

The difference between the annual surplus of $2.4 billion for 2009 and the annual surplus of $1.4 billion for 2008 is approximately $929.8 million. While additional variance analysis on the changes in revenue and expense are included later in this report, the following provides a summary of what has contributed to these changes. This increase can be attributed to additional revenues of approximately $1.5 billion combined with an increase in total expenses of $561.3 million.

The increase in total revenues of approximately $1.5 billion from 2008 to 2009 can be attributed to the following revenue sources:

- $1.2 billion increase in the Atlantic Accords (1985 and 2005) primarily due to the recognition of the remaining unearned balance of the Atlantic Accord (2005) as the Province no longer qualifies for Equalization;
- $484.6 million increase in offshore royalties which related to the favourable price of oil, combined with increased production, triggering higher royalty rates;
- $477.4 million decrease in Equalization due to federal estimates showing improvements in Newfoundland and Labrador per capita fiscal capacity compared to that of all other provinces;
- $96.0 million increase in personal income tax primarily due to growth in personal income during the year;
- $71.9 million increase in sales tax mainly due to higher growth in consumer expenditures; and
- A net increase in other miscellaneous revenues of $100.7 million.

The increase in total expenses of $561.3 million from 2008 to 2009 can be attributed to increases experienced in the following types of expenses:

- $294.8 million in salaries and employee benefits attributed mainly to negotiated salary increases, introduction of new initiatives and expansion of existing programs and the loss experienced on the value of provincial pension plan assets;
- $102.8 million increase in operating costs relating mainly to increased cost and quantity of purchased supplies and services;
- $75.2 million in grants and subsidies relating to new and existing health related programs and an increase in activity of various municipal infrastructure programs;

- $43.7 million increase in professional services from 2008, primarily due to increased program usage resulting in contracts with outside consultants for project management; and

- $44.8 million net increase in other miscellaneous expenses.

Compared to Original Budget (Accrual)

The budgeted annual surplus of $543.9 million as per the 2008-09 Budget Speech and the annual surplus of $2.4 billion differs by approximately $1.8 billion. This difference can be attributed to an increase in total revenues of $1.6 billion combined with a decrease in total expenses of $163.5 million.

The difference in total revenues of $1.6 billion from the original budget can be attributed to the following revenue sources:

- Atlantic Accords (1985 and 2005) revenue, compared to the original budget, increased by $810.6 million primarily due to the recognition of the remaining unearned balance of the Atlantic Accord (2005) as the Province no longer qualifies for Equalization;

- Offshore royalty revenue, compared to the original budget, increased by $519.3 million due to an increase in oil production combined with higher than expected oil prices;

- Taxation revenues, compared to the original budget, increased by $314.5 million primarily due to increases in personal income tax and sales tax. The increase in personal income tax is the result of higher than anticipated growth in personal income for current and prior years. Additionally, higher than anticipated consumer spending for the current and prior year increased sales tax revenues. The increase in taxation revenues was somewhat offset by a decrease in mining and mineral rights tax which resulted from lower than anticipated metal prices; and

- Other miscellaneous sources of revenue, compared to the original budget, experienced a net decrease of $1.4 million.

The difference in total expenses of $163.5 million from original budget can be primarily attributed to the following types of expenses:

- $122.5 million decrease, compared to the original budget, in salaries due to lower than anticipated salary related adjustments from the retroactive payments of negotiated salary increases, severance payouts, group reclassifications and overtime;

- $61.3 million decrease, compared to original budget, in operating expenses due to the timing and extent certain projects were completed in 2009, such as the Baie Verte/Rambler Mines Rehabilitation Project; and

- $20.3 million net increase, compared to original budget, in other program expenses.

CASH FLOW ANALYSIS

The Province records its transactions on an accrual basis in accordance with generally accepted accounting principles, the timing of which may vary from when actual cash is paid or received. In 2009, the Province's overall net cash inflow was $951.5 million. As detailed in the following chart, there was a net cash inflow of $716.2 million in the previous year, which resulted in a positive difference in cash inflow of approximately $235.3 million between 2009 and 2008.

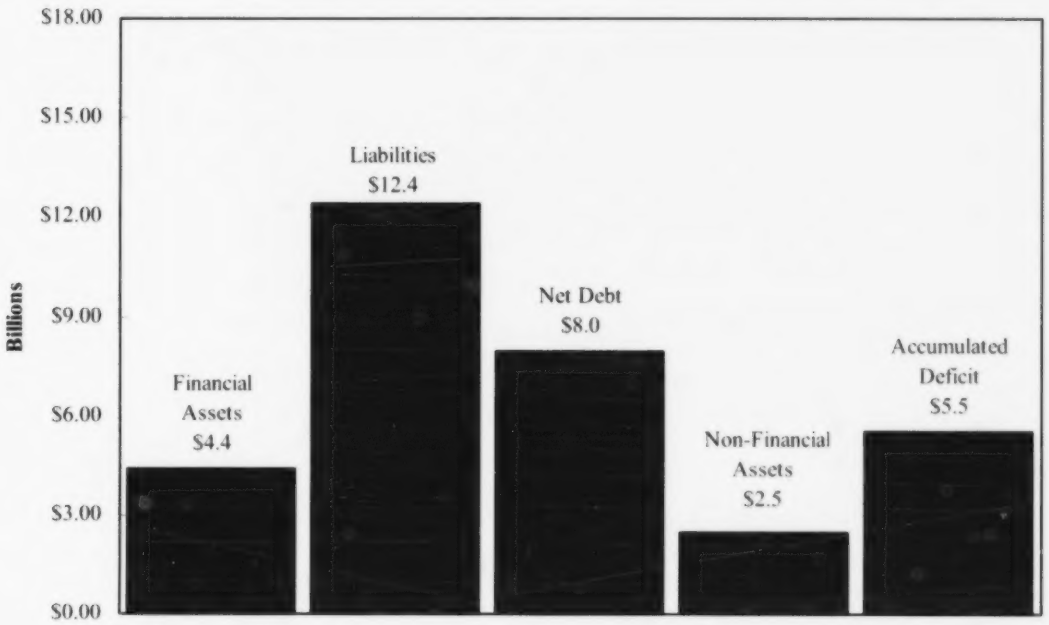
Cash Flow by Category	2009	2008	Difference
	($000's)	*($000's)*	*($000's)*
Operating	1,631,778	1,231,926	399,852
Capital	(295,520)	(259,525)	(35,995)
Financing	(414,698)	(283,958)	(130,740)
Investing	29,947	27,812	2,135
Net Inflows (Outflows) of Cash	951,507	716,255	235,252

The most significant factor contributing to this increase in cash flows was the increase in the annual surplus. For further details on the change in the annual surplus, please refer to the 'Consolidated Accrual Result' and 'Highlights - Financial Operations' sections of this report as well as the 'Statement of Operations' and the 'Statement of Cash Flows' in the Consolidated Summary Financial Statements.

Cash outflows from financing and capital activities were impacted due to a decrease in borrowings and proceeds from sinking funds combined with an increase in tangible capital asset acquisitions in 2009. A slight increase in cash inflows from investing activities rounded out the remaining change in cash flows.

HIGHLIGHTS - FINANCIAL POSITION

The Province's financial position as at 31 March 2009 is presented in the following chart. As depicted in the chart, the Province's net debt totals $8.0 billion. The net debt is comprised of the difference between total financial assets of $4.4 billion and liabilities of $12.4 billion. The Province's net debt, less non-financial assets of $2.5 billion, results in an accumulated deficit of $5.5 billion.



Net debt and accumulated deficit are comprised of the following components:

($ billions)	2009	2008	2007	2006	2005
Borrowings (net of sinking funds)	6.59	6.83	6.65	6.53	6.84
Unfunded Pension Liability	1.70	1.46	1.93	2.20	3.93
Group Health and Life Insurance Retirement Benefits	1.63	1.51	1.40	1.27	1.16
Other Liabilities	2.47	3.57	3.68	3.80	1.81
Less: Total Financial Assets	(4.42)	(3.18)	(2.10)	(2.12)	(1.85)
Net Debt	7.97	10.19	11.56	11.68	11.89
Less: Tangible Capital Assets	(2.40)	(2.32)	(2.24)	(2.23)	(2.08)
Less: Other Non-financial Assets	(0.07)	(0.07)	(0.08)	(0.06)	(0.06)
Accumulated Deficit	5.50	7.80	9.24	9.39	9.75

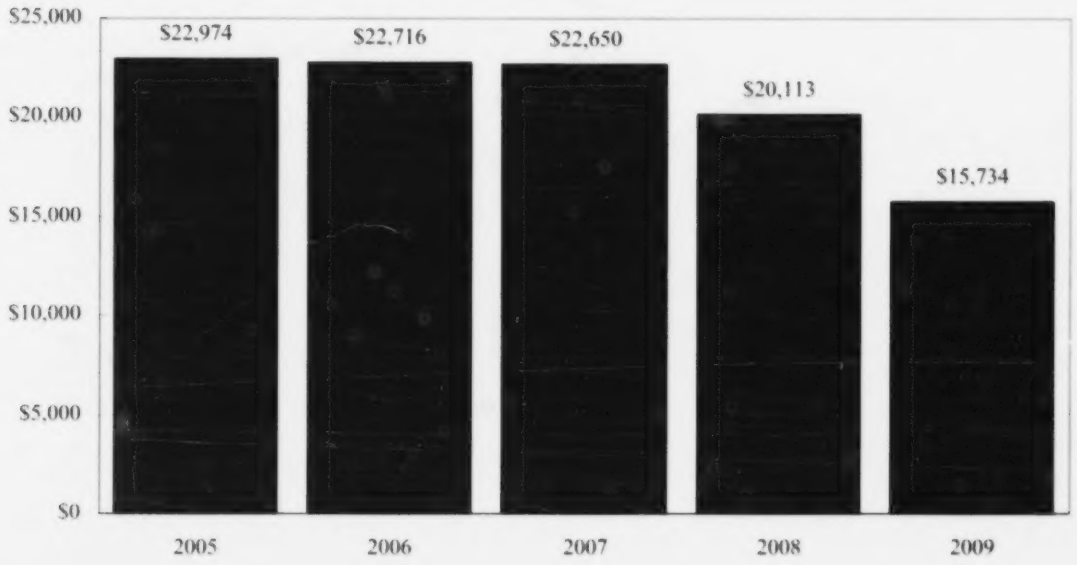
As seen in the previous table, net debt and accumulated deficit have declined significantly since 2005. This decline can be attributed to combined surpluses of approximately $4.1 billion from 2006 to 2009. Although net debt is the lowest it's been since 2005, the Province still has significant debt.

Net Debt and Net Borrowings

For the fiscal year ended 31 March 2009, net debt of $8.0 billion included net borrowings of $6.6 billion. The net debt for the fiscal year ended 31 March 2009 decreased from the previous year by $2.2 billion, a component of which was a decline in net borrowings of $230.4 million.

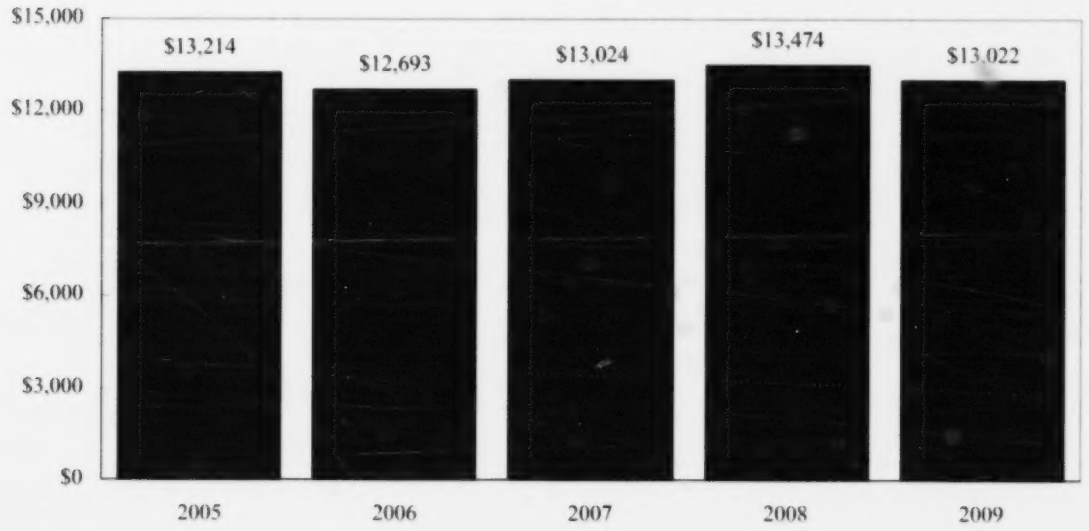
a) *Net Debt per Capita*

Net debt per capita indicates the average amount of the Province's net debt owing by each citizen of the Province and is calculated by dividing the net debt by the Province's population. Each citizen's share of the net debt declined further in 2009. As presented in the chart that follows, it decreased from $20,113 in 2008 to $15,734 in 2009. The Province saw a slight decrease in population in 2009 which, combined with a reduction in net debt, resulted in a decrease in net debt per capita of $4,379. While still significant, this change represents a substantial decline over recent years which has seen net debt per capita in excess of $22,000 back in 2005.



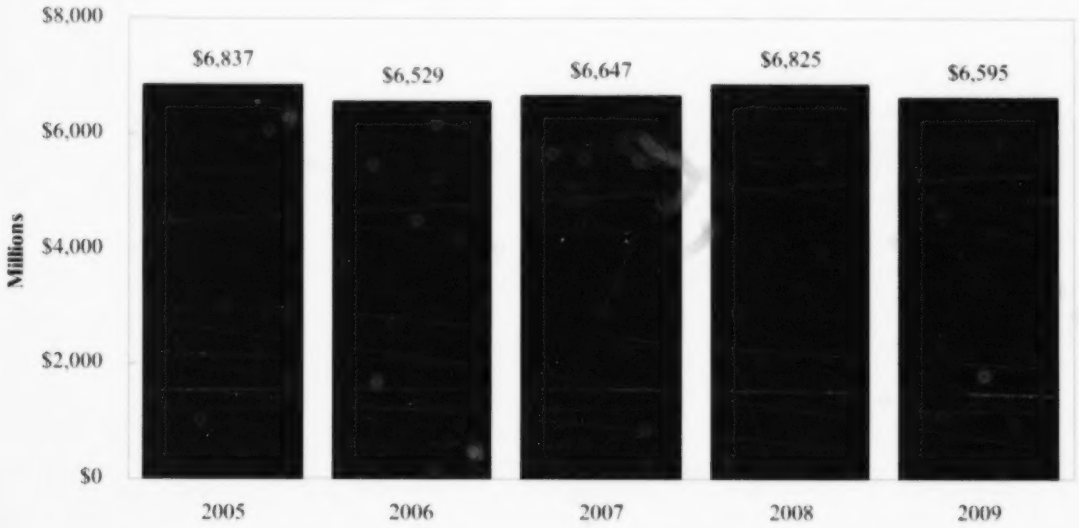
b) *Net Borrowings per Capita*

Net borrowings per capita indicates the average amount of provincial debt owing by each citizen of the Province and is calculated by dividing the net borrowings of the Province by its population. A decrease in net borrowings in 2009, as well as a slight decrease in population, resulted in a decrease in net borrowings per capita of $452 since 2008. In comparison to the previous chart, we do not see the same magnitude in the decrease in net borrowings per capita as was experienced for net debt per capita. This can be attributed to the significance of financial assets and other liabilities, such as cash and temporary investments and deferred revenue. The net borrowings per capita are presented in the following chart.



c) *Net Borrowings - 5 Year Comparison*

As presented in the following chart, net borrowings of the Province decreased in 2009 by $230.4 million. Net borrowings of $6.1 billion of the Consolidated Revenue Fund represented the most significant amount of the total net borrowings at 92.4%.

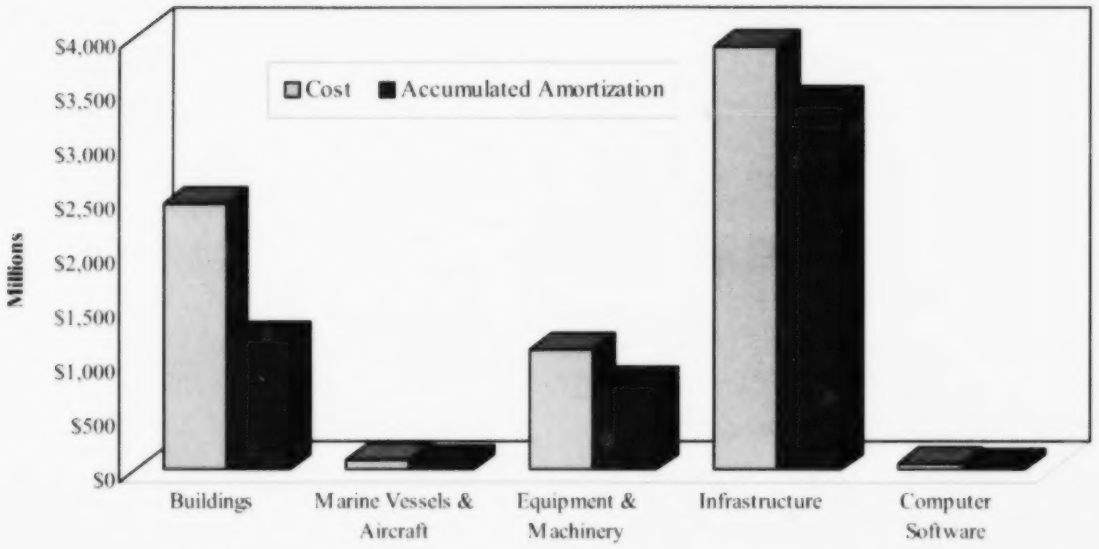


Non-Financial Assets

The total non-financial assets of $2.5 billion in 2009 included prepaid and deferred charges of $35.6 million, inventory of supplies of $33.9 million and tangible capital assets, which are a significant component, of $2.4 billion. The net book value of the tangible capital assets increased by $75.6 million from 2008. Analysis of the information in the consolidated summary financial statements related to tangible capital assets follows:

- The increase in net book value of tangible capital assets is the result of acquisitions of $297.1 million in the current year that more than offset disposals and net accumulated amortization;
- Accumulated amortization of tangible capital assets represents 69.8% of the cost of tangible capital assets, which is comparable to 2008. The most significant of the asset categories that are amortized are infrastructure and marine vessels and aircraft where 86.7% and 77.0% of the original cost has been amortized respectively;
- While accumulated amortization as a percentage of total original cost has not changed from the prior year, there has been a significant improvement in marine vessels and aircraft with a decrease of 3.7% from the prior year reflecting acquisitions in 2008-09; and
- Work in progress assets consist of $303.3 million as at 31 March 2009 which is a $98.7 million or 48.2% increase from the prior year. Work in progress is considered to be a tangible capital asset; however, it is not subject to amortization as it is not currently available for use.

The following chart shows the tangible capital asset cost (excluding work in progress) and accumulated amortization by category at 31 March 2009.

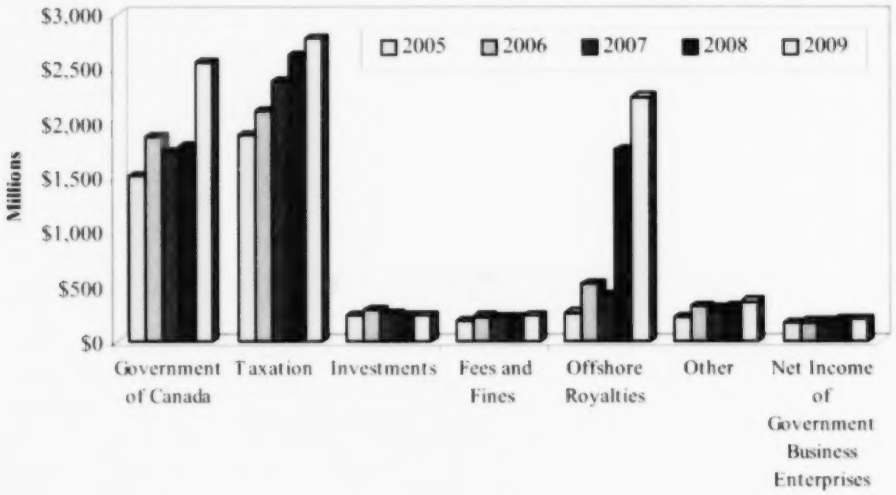


HIGHLIGHTS - FINANCIAL OPERATIONS

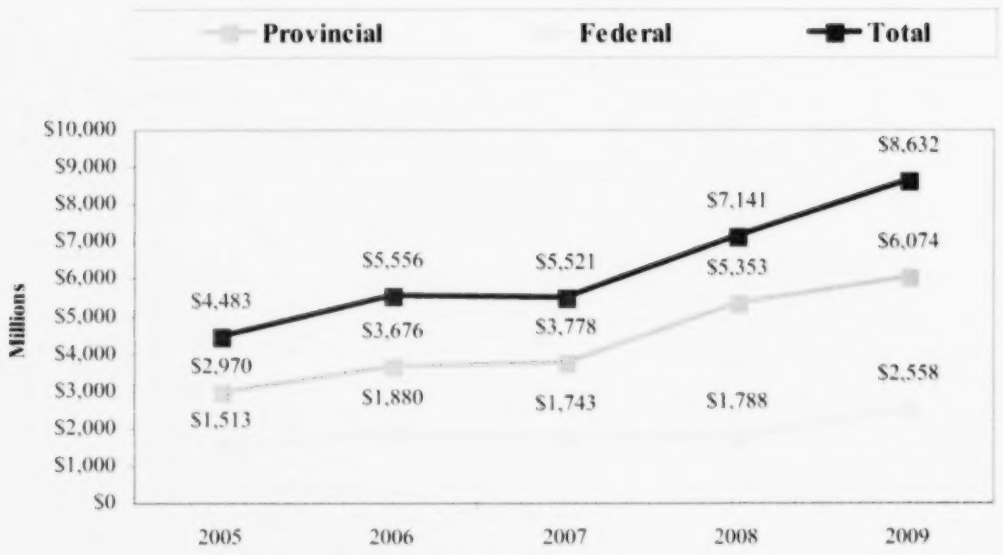
Revenues

Revenues for 2009 totaled $8.6 billion. Provincial revenue sources accounted for 70.4% of this total, which decreased 4.6% compared to 2008. The remaining 29.6% is derived from Federal Government sources. Details on the sources of revenues, including five-year historical comparisons, are provided in the following charts and graphs.

a) ***Revenues by Source - 5 Year Comparison***



b) ***Total Revenues - 5 Year Comparison***



From an analysis of the previous charts and the information presented in the consolidated summary financial statements, the following observations can be made:

- With the exception of a slight decline in 2007, total revenues have been rising over the last five years. Annual revenues have increased over $4.1 billion since 2005; from 2008 to 2009 alone, a significant increase in total revenues of $1.5 billion occurred (20.9%).

- Provincial revenues have steadily climbed in the last five years, from $3.0 billion in 2005 to $6.1 billion in 2009.

- Federal revenue sources, as a percentage of total revenues, have decreased in the past five years. However, Federal revenue sources in 2009 experienced a 4.6% increase from 2008.

c) Revenues by Source

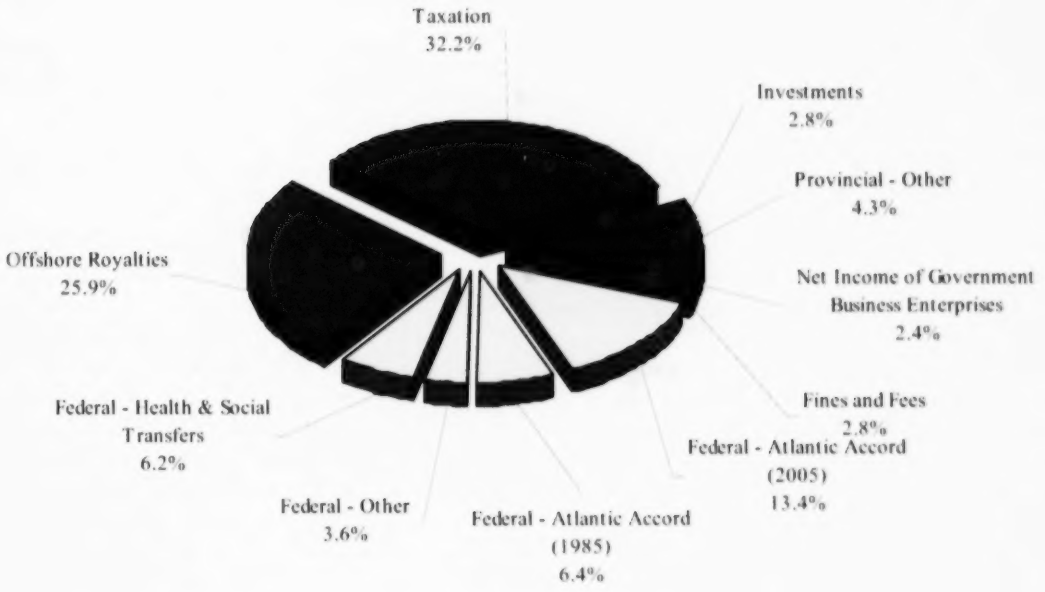
The most significant changes in revenues by source between 2008 and 2009 arise from the Atlantic Accords (1985 and 2005), offshore royalties and the elimination of Federal Equalization.

- Revenues from the Atlantic Accords (1985 and 2005) totaled $1.7 billion in 2009, up from $494.3 million in 2008. This increase is a direct result of the Province recognizing the remaining unearned balance of the $2.0 billion Atlantic Accord (2005). Additionally, since the Province no longer qualifies for Equalization, payments received from the Atlantic Accord (1985) have increased during 2009. Although this increase provides a positive boost in revenue for 2009, it is a one-time increase since the Atlantic Accord (2005) is fully recognized and will not provide any further revenue to be recognized in future fiscal years.

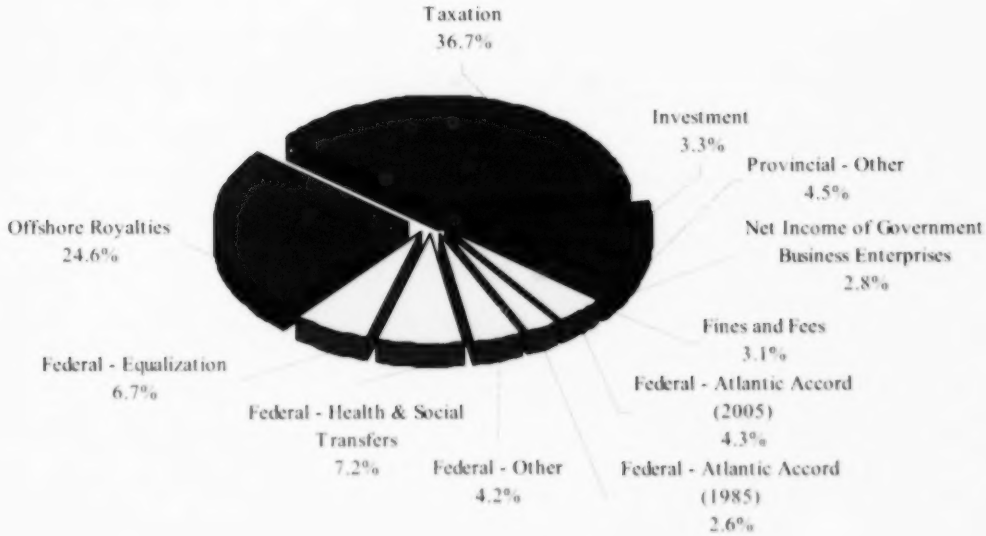
- Offshore royalties were $484.6 million higher in 2009 than in 2008, which is largely attributable to higher oil prices combined with increased production, triggering higher royalty rates. While there continues to be significant growth in recent years, the volatility of oil prices creates uncertainty regarding the sustainability of this non-renewable revenue source.

- The Province received an Equalization payment of $477.3 million in 2008. Since it no longer qualifies for Equalization, there was no revenue from this source in 2009.

Revenue by Source - 2009



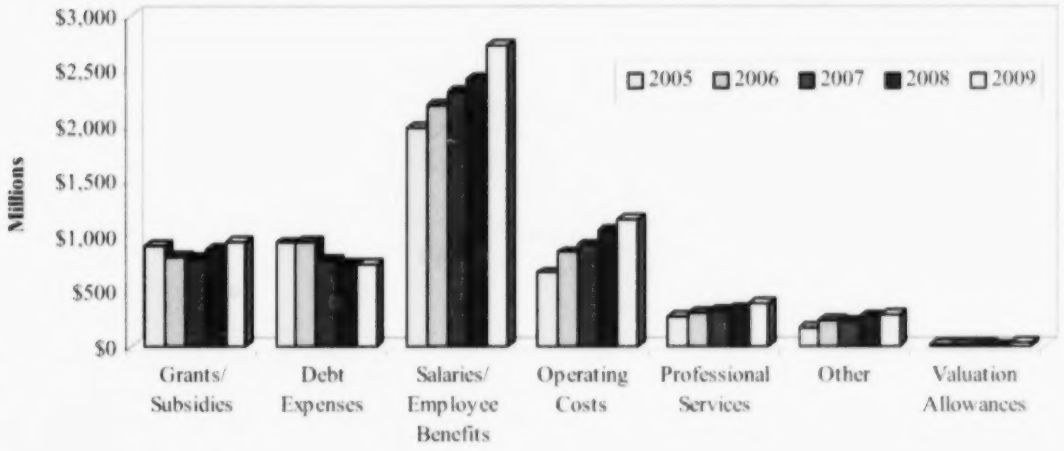
Revenue by Source - 2008



Expenses

The total expenses incurred by the Province for 2009 amounted to $6.3 billion. The following charts and discussion analyze the nature of these expenses by category and sector. In the discussion of expenses by category, it should be noted that the 'Other' category represents minor capital property acquisitions, as well as amortization and loss on sale relating to tangible capital assets.

a) *Expenses by Major Category - 5 Year Comparison*



b) *Expenses by Sector - 5 Year Comparison*

From an analysis of the previous charts and the information presented in the consolidated summary financial statements, the following observations can be made:

- In the past five years, total expenses of the Province have grown by $1.3 billion. The largest growth occurred between 2008 and 2009 at an amount of $561.3 million.

- Salaries and employee benefits remain the Province's most significant expense, rising steadily over the past five years from $2.0 billion in 2005 to $2.7 billion in 2009.

- The two major components of total expenses are salaries and employee benefits and operating expenses which represent 61.7% of the total for 2009; this is a slight increase compared to 60.7% in 2008.

- Expenses for the social sector were the most significant portion of total expenses by sector in the past five years. This sector's expenses increased by $398.0 million in 2009 for a total of $4.5 billion, accounting for 71.0% of the total expenses for the year.

c) *Expenses by Category*

The most significant changes in expenses by category between 2008 and 2009 relate to salaries and employee benefits, operating costs, grants and subsidies and professional services.

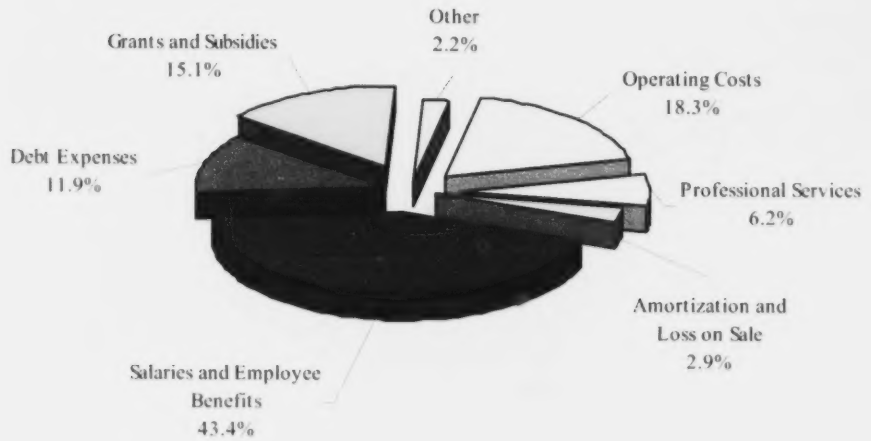
- Salaries and employee benefits increased by $294.8 million between 2008 and 2009. These increases are attributed mainly to negotiated wage increases, introduction of new initiatives and the enhancement of existing programs resulting in additional hires. As well, there was increased overtime due to labour shortages and seasonal variability. In addition, the value of the provincial pension plan assets suffered a large loss in the marketplace during the year, resulting in a significantly larger expense in the fiscal year.

- Operating costs were $102.8 million higher in 2009 than in 2008, primarily attributed to increased repairs and maintenance for roads, ferries and buildings, including schools and hospitals. There were increased costs regarding the repairs and maintenance for equipment which was driven partially by inflationary increases in energy and fuel costs, external contracts, and winter maintenance costs. As well, increases in supplies are partially attributed to the new technology used in producing medical and surgical supplies, the move toward more single-use items due to infection control and general inflationary increases. Furthermore, implementation of new programs and the enhancement of existing programs also resulted in higher operating costs for 2009, such as the Canada/Newfoundland and Labrador Infrastructure Framework Agreement and Provincial Roads Program as well as increased costs associated with the special living arrangements for Community Health and Home Support programs.

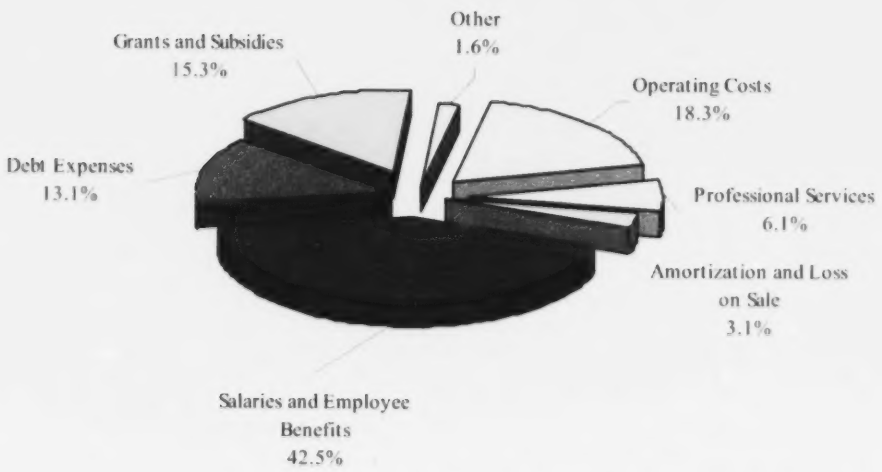
- The increase in grants and subsidies from 2008 to 2009 was $75.2 million, primarily due to new and existing health care programs, particularly the third party agencies providing community and family support. Additionally, there were an increased number of projects completed during 2009 than originally anticipated from consultants and municipalities, as well as more take-up and activity in various programs, such as the Gas Tax Program and affordable housing programs. These increases were offset by a significant decrease in the federally funded Municipal Transit Infrastructure Program.

- Professional services were $43.7 million higher in 2009 than in 2008 due primarily to increased information technology demands of current projects resulting in external consultants being hired for various project management tasks.

Expenses by Major Category - 2009



Expenses by Major Category - 2008



KEY INDICATORS

- Key indicators included in this document provide a complete picture of the Province's financial position at 31 March 2009.

- The common key indicators included herein were primarily identified in a research report issued by the Canadian Institute of Chartered Accountants entitled *Indicators of Government Financial Condition*. These indicators, which are used in assessing a government's financial health in the context of the overall economic and financial environment, can be summarized under the headings of *flexibility*, *sustainability* and *vulnerability*.

- While there are no established public sector benchmarks for these indicators, one can assess the Province's financial condition through a comparison of previous years' indicators.

- Gross Domestic Product (GDP) and population figures were obtained from Newfoundland and Labrador Statistics Agency's website. Figures used were the latest non-forecasted information available as of 31 March 2009. The figures used in prior year analysis were the most recently available for each respective year.

Flexibility

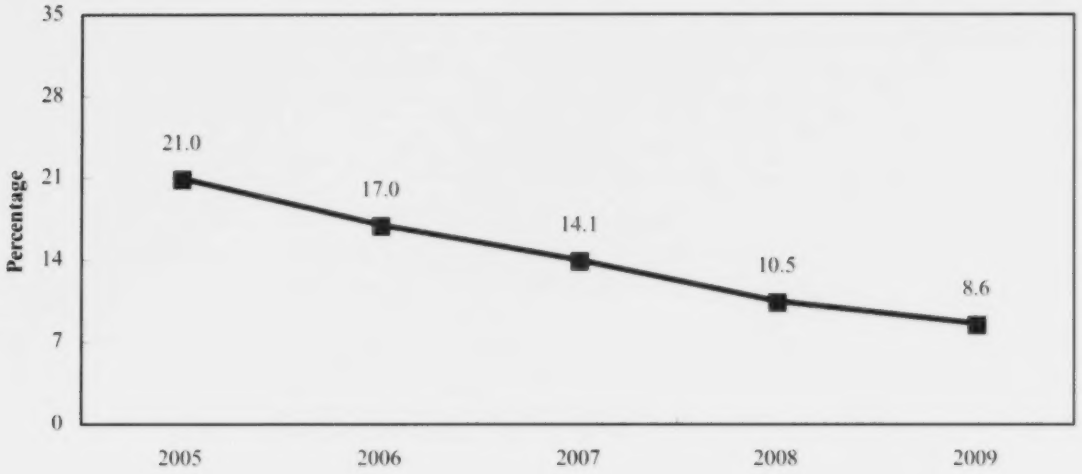
Flexibility refers to the degree to which a government can respond to rising commitments by either expanding its revenues or increasing its debt. Indicators of flexibility include:

a) *Province's Interest Cost as a Percentage of Revenues*

- This ratio measures the extent to which past borrowings may impact the Province's ability to provide for the economic and social needs of its citizens.

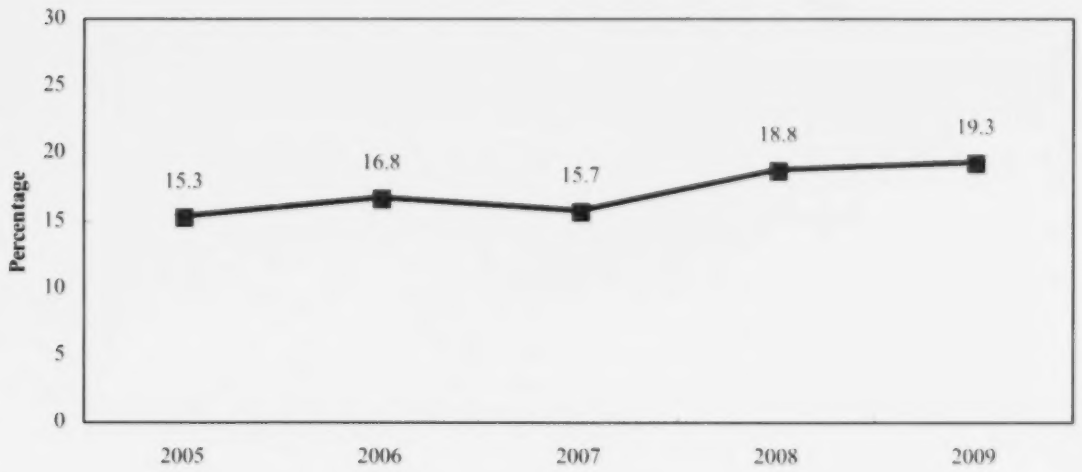
- The following graph indicates that the Province's interest costs as a percentage of revenues has been steadily declining over the past five years from 21.0% in 2005 to 8.6% in 2009. This continuing decline is mainly attributable to the Province's increasing revenue base, as well as its decreasing interest costs.

- The average of this ratio over the past five years is 14.2%. Although in 2009, the ratio of 8.6% is significantly below average and the lowest it has been in the past five years, interest costs continue to remain a significant expense incurred by the Province.



b) ***Provincial Revenues as a Percentage of GDP***

- The purpose of this indicator is to show the extent to which a government is taking income out of the economy in its jurisdiction, through both taxation and user charges.
- The following graph indicates that provincial revenues as a percentage of GDP have been fluctuating somewhat over the last five years; however, this ratio has continued to increase since 2007.
- The 2009 ratio is 19.3%, a slight increase from 18.8% in 2008. This ratio remains above the five-year average of 17.2%, which can be attributed to the growth in provincial revenues, primarily offshore royalties, which exceeds the increase in GDP from 2008 to 2009.

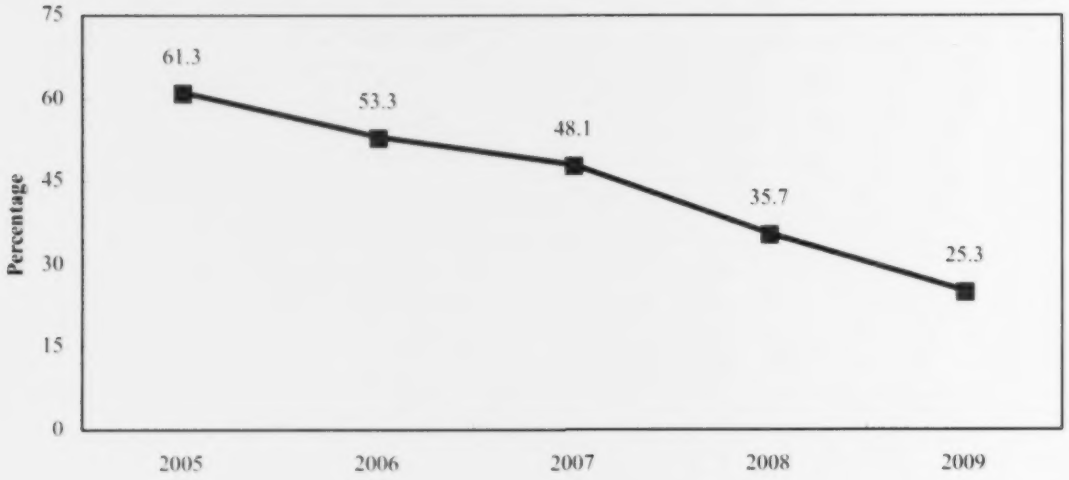


Sustainability

Sustainability refers to the degree to which a government can meet its existing program commitments and creditor requirements without increasing the debt burden on the economy. Indicators of sustainability include:

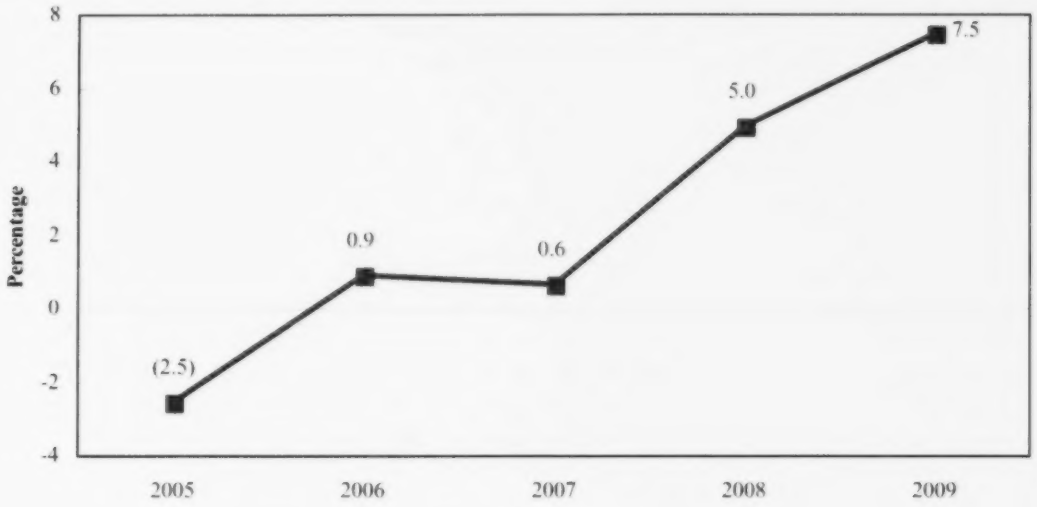
a) *Net Debt as a Percentage of GDP*

- This ratio measures the level of debt that the Province carries as a percentage of its GDP.
- As presented in the following graph, there has been a steady decline in net debt as a percentage of GDP in the past five years. This relationship implies that the rate of economic growth is greater than the rate of decline in net debt. As this ratio decreases, it indicates that Government has increased ability to manoeuver when making fiscal choices.
- The average of this ratio over the past five years is 44.7%. Since 2005, it has experienced a significant decrease of approximately 36.0%. In 2009 alone, it decreased 10.4% which can be attributed to an increase in GDP as well as a decrease in net debt.



b) *Annual Surplus (Deficit) as a Percentage of GDP*

- This ratio measures the difference between revenues and expenses expressed as a percentage of GDP.
- As indicated in the following graph, the annual deficit as a percentage of GDP moved to a surplus as a percentage of GDP of 0.9% in 2006. This ratio decreased slightly in 2007 to 0.6%, but grew significantly in 2008 to a surplus of 5.0%. It experienced another significant growth in 2009 to 7.5%. This trend indicates that the Province has increased its ability to meet financial obligations over the past five years.
- The average of this ratio over the past five years is 2.3%; therefore, the 2009 ratio of 7.5% is significantly higher than average.



Vulnerability

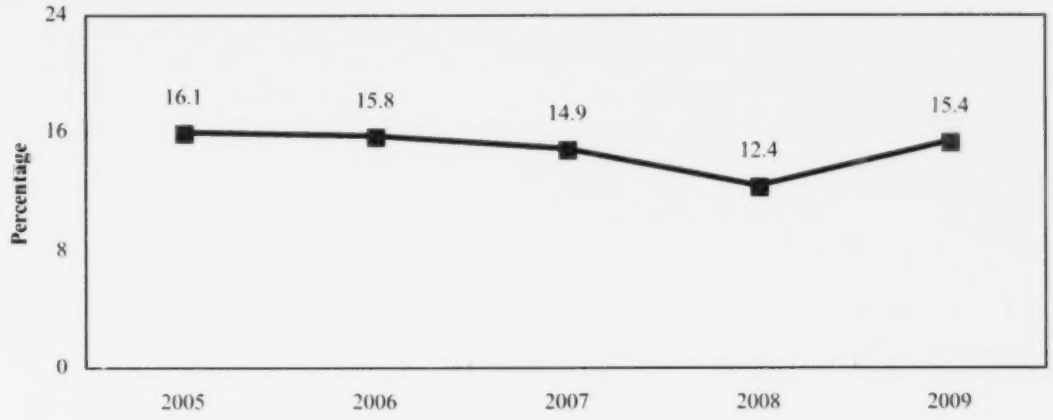
Vulnerability refers to the degree to which a government is dependent on, and therefore vulnerable to, sources of funding outside of its control or influence. Indicators of vulnerability include:

a) *Foreign Currency Debt as a Percentage of Net Borrowings*

- This ratio measures the Province's foreign currency debt relative to its net borrowings. It reflects the degree of vulnerability to which the Province is subject in relation to foreign currency swings.

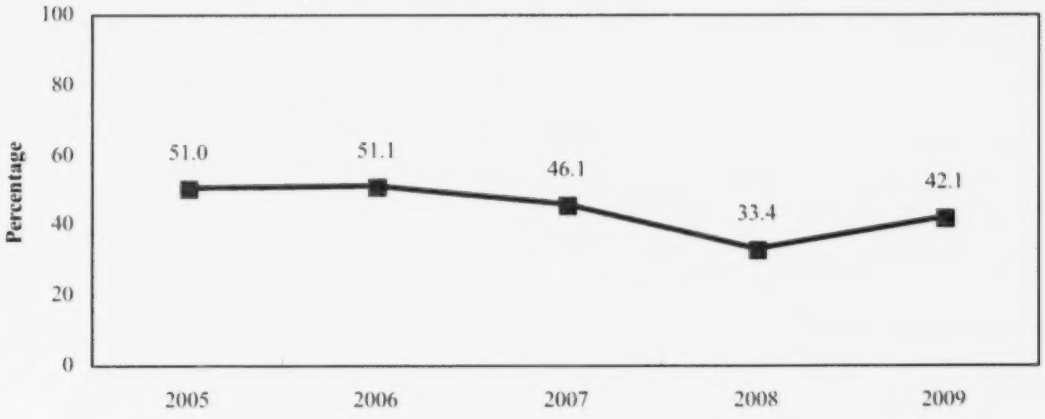
- As indicated in the following graph, foreign currency debt as a percentage of net borrowings has been declining steadily over the last four years; however, it has increased during 2009 by 3.0%. This increase occurred as a result of total borrowings decreasing during 2009 while foreign currency debt remained at the same level as in 2008. This increase illustrates that the Province is more vulnerable to changes in foreign currency exchange rates than in the previous years.

- The average of this ratio over the past five years is 14.9%. Foreign currency debt has historically represented a significant portion of net borrowings, and in 2009, this ratio has climbed slightly above the average at 15.4%.



b) ***Federal Transfers as a Percentage of Provincial Revenues***

- This ratio measures the extent to which the Province increases its own revenues from within the Province as compared to the extent it receives funds from the Federal Government.
- As indicated in the following graph, federal transfers as a percentage of provincial revenues have declined from 2006 to 2008. In 2009, there was a significant increase of 8.7% of federal transfers, primarily due to the full recognition of the Atlantic Accord 2005. The fiscal policy decisions of the Federal Government continue to have a significant impact on the Province's financial position.
- The 2009 ratio of federal transfers as a percentage of revenue generated from provincial sources has increased to 42.1%. Although this is a sizable increase, it remains below the five year average of 44.7%.

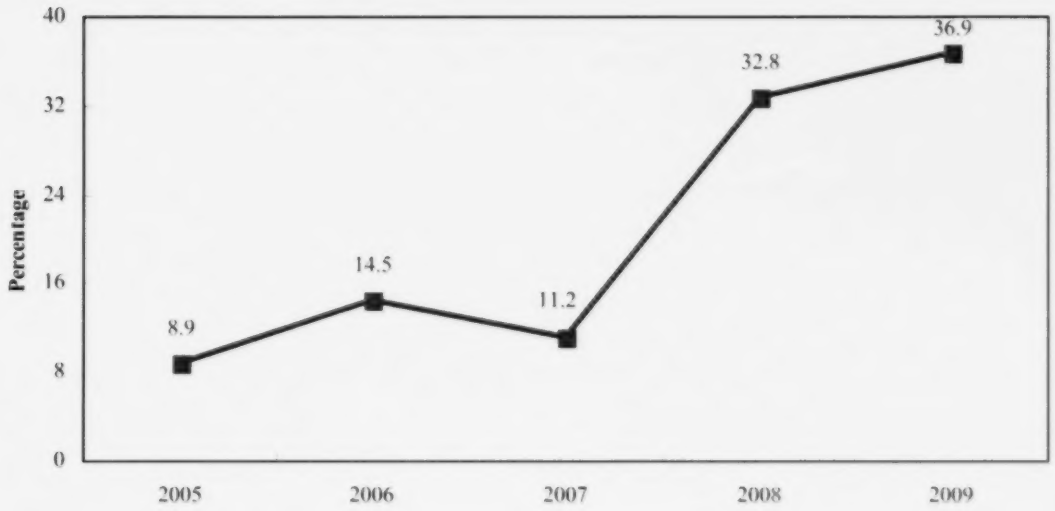


c) *Offshore Royalties as a Percentage of Provincial Revenues*

- This ratio measures the Province's offshore royalty revenues in relation to total provincial revenues. It reveals the degree to which the Province relies on revenues from offshore royalties as a source of funding.

- As indicated in the following graph, offshore royalties as a percentage of provincial revenues have increased steadily since 2005, with the exception of a 3.3% decrease between 2006 and 2007. A sharp increase of 21.6% was experienced from 2007 to 2008, and in 2009 another 4.1% increase occurred. This indicates that provincial revenues rely progressively more on offshore royalties.

- Over the past five years, the average ratio of offshore royalties to provincial revenues is 20.9%. In 2009, the ratio is 36.9%, significantly greater than the five year average. This implies that the Province is increasingly more dependent on revenues from offshore royalties; a revenue source which is subject to the volatility of market factors such as the price of oil.



FINANCIAL PERFORMANCE

As presented throughout this report, 2009 has marked yet another year of improvement for the Province's financial health, leading to its fourth consecutive consolidated accrual surplus. This improvement is particularly evident when assessing the various financial and economic ratios, especially as it pertains to the measures of flexibility and sustainability. The challenge remains to reduce the extent of the Province's debt and sustain this level of prosperity on a long-term basis. This challenge involves the continued stimulation of the economy while managing volatile revenue sources and maintaining program spending at acceptable levels. Given the remaining extent of the Province's net debt position and the uncertainty in the global economy, these issues will likely continue to be present in the foreseeable future.

Province of Newfoundland and Labrador

Consolidated Summary Financial Statements

For The Year Ended 31 March 2009

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Newfoundland Labrador

Government of Newfoundland and Labrador
Department of Finance

15 October 2009

STATEMENT OF RESPONSIBILITY

Responsibility for the integrity, objectivity and fair presentation of the consolidated summary financial statements of the Province of Newfoundland and Labrador rests with the Government. As required under Section 59 of the *Financial Administration Act*, these consolidated summary financial statements are prepared by the Comptroller General of Finance in accordance with the applicable legislation and in accordance with the accounting policies as disclosed in Note 1 to these consolidated summary financial statements. These consolidated summary financial statements are prepared based upon information provided by the various Government departments and the noted Crown corporations, boards and authorities pursuant to Section 19 of the *Transparency and Accountability Act* and Section 20 of the *Financial Administration Act*.

The Government is responsible for maintaining a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records are properly maintained.

The consolidated summary financial statements in this volume include a Consolidated Statement of Financial Position, a Consolidated Statement of Change in Net Debt, a Consolidated Statement of Operations, a Consolidated Statement of Change in Accumulated Deficit, a Consolidated Statement of Cash Flows and notes. Other schedules and notes that are included also form an integral part of these statements.

Pursuant to Section 11 of the *Auditor General Act*, the Auditor General of Newfoundland and Labrador provides an independent opinion on the consolidated summary financial statements.

THOMAS W. MARSHALL, Q.C.
Minister of Finance and President
of Treasury Board

RONALD A. WILLIAMS, CA
Comptroller General of Finance

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OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the House of Assembly
Province of Newfoundland and Labrador

I have audited the consolidated statement of financial position of the Province of Newfoundland and Labrador as at 31 March 2009 and the consolidated statements of change in net debt, operations, change in accumulated deficit and cash flows for the year then ended. These financial statements are the responsibility of Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Government, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated summary financial statements present fairly, in all material respects, the financial position of the Province of Newfoundland and Labrador as at 31 March 2009 and the results of its operations, the changes in its net debt and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles and, pursuant to Section 11 of the *Auditor General Act*, in accordance with the accounting policies of the Provincial government as disclosed in Note 1 to these financial statements applied on a basis consistent with that of the preceding year.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
15 October 2009

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Consolidated Statement of Financial Position
As at 31 March 2009
with comparative figures for 2008

		Actuals 2009 ($000)	Actuals 2008 ($000)
	FINANCIAL ASSETS		
	Cash and temporary investments - note 2	2,267,497	1,315,990
Sch. 1	Receivables (net of valuation allowances)	765,682	824,027
	Inventories held for resale - note 3	10,947	12,567
Sch. 2	Loans, advances and investments (net of valuation allowances)	246,158	296,352
Sch. 3	Equity in government business enterprises - note 1(b)	1,131,877	728,009
	Total Financial Assets	4,422,161	3,176,945
	LIABILITIES		
Sch. 5	Payables, accrued and other liabilities - note 17	2,280,101	2,040,705
	Deferred revenue - note 4	168,268	1,304,822
Sch. 6	Borrowings (net of sinking fund assets)	6,594,629	6,824,984
	Plus: Unamortized unrealized foreign exchange gains (losses) - note 5	13,404	222,614
		6,608,033	7,047,598
	Group health and life insurance retirement benefits - note 6	1,630,013	1,512,845
	Unfunded pension liability - note 7	1,704,199	1,459,017
	Total Liabilities	12,390,614	13,364,987
	NET DEBT	7,968,453	10,188,042
	NON-FINANCIAL ASSETS		
Sch. 9	Tangible capital assets - note 8	2,397,103	2,321,483
	Prepaid and deferred charges - note 9	35,557	36,931
	Inventories of supplies - note 3	33,887	33,903
	Total Non-Financial Assets	2,466,547	2,392,317
	ACCUMULATED DEFICIT - note 8	5,501,906	7,795,725

Contingent Liabilities - note 10

Contractual Obligations - note 11

Externally Restricted Assets - note 12

Sch. 7 Guaranteed Debt - note 13

Sch. 8 Trust Accounts - note 10(c)(iii)

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Consolidated Statement of Change in Net Debt
For the year ended 31 March 2009
with comparative figures for 2008

	Actuals 2009	Original Estimates 2009 (Note 18)	Actuals 2008
	($000)	($000)	($000)
NET DEBT - beginning of period	10,188,042	10,284,517	11,558,377
Add (Deduct):			
Adjustments:			
Government organization changes - note 14	21,067	-	(36,530)
ADJUSTED NET DEBT - beginning of period	10,209,109	10,284,517	11,521,847
Surplus (Deficit) for the period - note 8	2,350,400	543,907	1,420,672
Changes in tangible capital assets			
Acquisition of tangible capital assets	297,119	483,257	261,333
Net book value of tangible capital asset disposals/adjustments	(5,461)	-	2,183
Amortization of tangible capital assets	(180,524)	(187,711)	(175,489)
Increase (Decrease) in net book value of tangible capital assets	111,134	295,546	88,027
Changes in other non-financial assets			
Acquisition of prepaid and deferred charges (net of usage)	(1,374)	-	(2,868)
Acquisition of inventories of supplies (net of consumption)	(16)	-	1,708
Increase (Decrease) in other non-financial assets	(1,390)	-	(1,160)
Increase (Decrease) in net debt	(2,240,656)	(248,361)	(1,333,805)
NET DEBT - end of period	7,968,453	10,036,156	10,188,042

See accompanying notes to the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Consolidated Statement of Operations
For the year ended 31 March 2009
with comparative figures for 2008

		Actuals 2009	Original Estimates 2009 (Note 18)	Actuals 2008
		($000)	($000)	($000)
REVENUE				
Sch. 10	Provincial			
Sch. 10	Taxation	2,779,320	2,464,797	2,620,484
Sch. 10	Investment	244,959	205,245	233,809
Sch. 10	Fees and fines	238,328	218,844	226,288
Sch. 10	Offshore royalties	2,238,563	1,719,300	1,753,931
Sch. 10	Other	367,807	341,353	319,583
Sch. 10	Government of Canada	2,557,616	1,826,984	1,788,046
		8,426,593	6,776,523	6,942,141
Sch. 4	Net income of government business enterprises	205,368	212,474	198,759
	Total Revenue	8,631,961	6,988,997	7,140,900
EXPENSE				
Sch. 11	General Government and Legislative Sector	1,560,923	1,626,095	1,426,528
Sch. 11	Resource Sector	262,948	337,939	233,478
Sch. 11	Social Sector	4,457,690	4,481,056	4,060,222
Sch. 12	***Total Expense***	6,281,561	6,445,090	5,720,228
ANNUAL SURPLUS (DEFICIT) - note 8		2,350,400	543,907	1,420,672

See accompanying notes to the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Consolidated Statement of Change in Accumulated Deficit
For the year ended 31 March 2009
with comparative figures for 2008

	Actuals 2009	Original Estimates 2009 (Note 18)	Actuals 2008
	($000)	($000)	($000)
ACCUMULATED DEFICIT - beginning of period - note 8	7,795,725		9,242,364
Add (Deduct):			
Adjustments:			
Tangible capital assets - prior period adjustment - note 8	-		27,034
Government organization changes - note 14	56,581		(53,001)
ADJUSTED ACCUMULATED DEFICIT - beginning of period	7,852,306		9,216,397
Surplus (Deficit) for the period - note 8	2,350,400	543,907	1,420,672
ACCUMULATED DEFICIT - end of period	5,501,906		7,795,725

See accompanying notes to the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Consolidated Statement of Cash Flows
For the year ended 31 March 2009
with comparative figures for 2008

	Actuals 2009	Actuals 2008
	($000)	($000)
Funds provided from (applied to):		
OPERATIONS		
Annual surplus (deficit) - note 8	2,350,400	1,420,672
Add (Deduct) non-cash items:		
Amortization of foreign exchange gains/losses	(16,420)	(9,445)
Amortization of tangible capital assets	180,524	175,489
Retirement costs	367,194	232,655
Valuation allowances	39,947	4,556
Unremitted net income of government business enterprises	(406,868)	(73,759)
Sinking fund earnings	(47,423)	(50,272)
Deferred revenue	(1,136,554)	(341,344)
Other	300,978	(126,626)
Net cash provided from (applied to) operating transactions	1,631,778	1,231,926
CAPITAL		
Acquisitions	(297,119)	(261,333)
Disposals	1,599	1,808
Net cash provided from (applied to) capital transactions	(295,520)	(259,525)
FINANCING		
Debt issued	16,745	662,059
Debt retirement	(358,304)	(551,552)
Special purpose funds/contractors' holdback funds	932	10,097
Treasury bills redeemed	(1,926,076)	(2,477,141)
Treasury bills purchased	1,929,050	2,478,444
Equalization loan	(31,534)	(37,840)
Sinking fund proceeds	-	265,132
Sinking fund contributions	(40,996)	(44,412)
Retirement of pension liabilities	(4,515)	(588,745)
Net cash provided from (applied to) financing transactions	(414,698)	(283,958)
INVESTING		
Loan repayments	76,901	76,543
Loan advances	(40,398)	(37,650)
Investments	(6,556)	(11,081)
Net cash provided from (applied to) investing transactions	29,947	27,812
Net cash provided (applied)	951,507	716,255
Cash and temporary investments - beginning of period	1,315,990	599,735
CASH AND TEMPORARY INVESTMENTS - end of period - note 2	2,267,497	1,315,990

See accompanying notes to the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Notes to the Consolidated Financial Statements
For the year ended 31 March 2009

1. Summary of Significant Accounting Policies

(a) The Reporting Entity

The Reporting Entity includes the accounts and financial activities of organizations, as approved by Treasury Board, which are controlled by Government. These organizations are accountable for the administration of their financial affairs and resources either to a Minister of the Government or directly to the Legislature.

A listing of organizations included in these financial statements is provided in Schedule 15 - Government Reporting Entity.

(b) Method of Consolidation

The accounts of government organizations, except those designated as government business enterprises, are consolidated after adjusting them to a basis consistent with the accounting policies described below. Inter-organizational transactions and balances are eliminated.

A government business enterprise is an organization, included in the reporting entity, that has the financial and operating authority to carry on a business and sell goods and services to individuals and non-government organizations as its principal activity and source of revenue.

Government business enterprises are recorded on the modified equity method. Under this method, the Government's equity in these enterprises is adjusted annually to reflect the net income/loss and other net equity changes of the enterprise without adjusting the enterprise's financial statements to conform with the accounting policies described below. Inter-organizational transactions and balances are not eliminated.

Adjustments are not made to the financial results of government organizations because of fiscal year-ends different than that used for the consolidated entity, unless it would have a significant impact on the consolidated operating results.

(c) Basis of Accounting

(i) *Method*

These financial statements are prepared on the accrual basis of accounting, revenues being recorded when earned and expenses being recorded when liabilities are incurred, with exceptions made in accordance with the applicable significant accounting policies.

(ii) *Revenues*

Revenues from the Government of Canada under the federal-provincial fiscal arrangements, health and social transfers and tax collection agreements are based on regular entitlements received for the current year and adjusted against future years' revenues when known.

Other revenues are recorded on an accrual basis.

(iii) *Expenses*

Expenses are recorded on an accrual basis.

Retirement related costs are determined as the cost of benefits and interest on the liabilities accrued, as well as amortization of experience gains and losses.

(iv) *Assets*

Temporary investments are recorded at cost or market value, whichever is lower.

Receivables are recorded for all amounts due for work performed and goods or services supplied. Valuation allowances are provided when collection is considered doubtful.

Inventories held for resale are recorded at the lower of cost or net realizable value.

Inventories of supplies are comprised of items which are held for consumption that will be used by the Province in the course of its operations.

Loans and advances are recorded at cost. Valuation allowances are recorded to reflect assets at the lower of cost or net recoverable value. Loans made by the Province that are expected to be recovered from future appropriations are accounted for as expenses by providing valuation allowances. Interest revenue on loans receivable is recognized when earned and ceases when collection is not reasonably assured.

Investments are recorded at cost and are written down when there is a loss in value that is other than a temporary decline.

Equity in government business enterprises represents the net assets of government business enterprises recorded on the modified equity basis as described under note 1(b).

Unrealized foreign exchange gains or losses are deferred and amortized on a straight line basis over the remaining term of the debt.

Tangible capital assets held by the Province are recorded at cost or estimated cost less accumulated amortization.

Certain assets have been recorded at fair market value based on the accounting policies of certain organizations. In such instances, the fair market value does not differ materially from cost, and/or the assets are not of a material nature.

(v) *Liabilities*

Payables, accrued and other liabilities are recorded for all amounts due for work performed, goods or services received or for charges incurred in accordance with the terms of a contract.

Deferred revenue represents amounts received but not earned.

Borrowings, except treasury bills, are recorded at face value and are reported net of sinking funds. Treasury bills are recorded at net proceeds. The Province records foreign-denominated debt in Canadian dollars translated at the exchange rate on the transaction date which is considered to be the issue date; except for the proceeds of hedged transactions which are recorded at the rate as established by the terms of that hedge. Foreign-denominated sinking fund assets are also recorded in Canadian dollars and transactions are translated at the exchange rate used in recording the related debt. At 31 March, foreign debt and sinking funds are adjusted to reflect the exchange rate in effect on that date.

Certain liabilities have been recorded at fair market value based on the accounting policies of certain organizations. In such instances, the fair market value does not differ materially from cost, and/or the liabilities are not of a material nature.

(vi) *Government Transfers*

Government transfers are recognized by the Province as revenues or expenses in the period during which both the payment is authorized and any eligibility criteria are met.

(vii) *Loan Guarantees*

The Province has guaranteed the repayment of principal and interest on certain debentures and bank loans on behalf of Crown corporations, municipalities, private sector companies and certain individuals. A provision for losses on these guarantees is established when it is determined that a loss is likely.

(d) Generally Accepted Accounting Principles

The accounting policies followed in the preparation of these financial statements have been applied consistent with generally accepted accounting principles for senior governments as established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

2. Cash and Temporary Investments

Cash and temporary investments consist of:

	31 March 2009	31 March 2008
	($mil)	($mil)
Cash and temporary investments - Consolidated Revenue Fund (CRF)	1,850.5	1,048.6
Cash and temporary investments - Other Entities:		
Temporary investments	84.9	118.5
Cash balance (overdraft)	332.1	148.9
Total cash and temporary investments - Other Entities	417.0	267.4
Cash and temporary investments (CRF and Other Entities)	2,267.5	1,316.0

Temporary investments consist of investments with financial institutions. As at 31 March 2009, these investments are on call or have maturity dates ranging from 17 April 2009 to 13 January 2015 at interest rates which vary from prime less 1.85% to 7.00%.

3. Inventories

Inventories for resale of $10.9 million (31 March 2008 - $12.6 million) consist of $7.3 million relating to Newfoundland and Labrador Housing Corporation land assemblies, $3.5 million relating to Memorial University of Newfoundland and College of the North Atlantic primarily for textbooks, stockroom and food supplies, with the balance of $0.1 million relating to other entities. Inventories of supplies of $33.9 million (31 March 2008 - $33.9 million) is comprised of $17.7 million for textbooks and stockroom supplies held within the Consolidated Revenue Fund, $14.8 million for medical and drug supplies held by health sector entities and $1.4 million for miscellaneous inventories.

4. Deferred Revenue

Consists of:

	31 March 2009	31 March 2008	Change
	($mil)	($mil)	($mil)
Entities in the education sector	60.0	39.5	20.5
Federal initiatives in support of post-secondary education, public transit, clean air and climate change, affordable housing, off reserve aboriginal housing, community development, and police officers	51.9	39.8	12.1
Federal government funding for various health care initiatives	30.7	50.6	(19.9)
Other miscellaneous programs	13.0	3.5	9.5
Entities in the health sector	12.7	7.8	4.9
Atlantic Accord (2005) - unearned balance of the $2.0 billion advance payment received in 2005-06	-	1,152.8	(1,152.8)
Gas tax initiatives	-	10.8	(10.8)
Total Deferred Revenue	168.3	1,304.8	(1,136.5)

The balance as of 31 March 2009 will be recognized as revenue in the periods in which the revenue recognition criteria have been met. The $1,152.8 million deferred balance of the Atlantic Accord (2005) at 31 March 2008 has been recognized in full as revenue for the 31 March 2009 fiscal year as the revenue recognition criteria has been met since the Province no longer qualifies for Equalization.

5. Unamortized Unrealized Foreign Exchange Gains and Losses

Foreign currency debt and sinking funds are translated to Canadian dollars at the exchange rate at 31 March 2009 or the exchange rate at maturity for these debt and sinking funds retired during the fiscal year. See Schedule 6 - Borrowings. Details of the effect of these translations at year end are outlined in the table below.

The net amortization expense is $13.2 million which represents a credit adjustment (31 March 2008 - $10.8 million-credit adjustment).

	31 March 2009	31 March 2008
	($mil)	($mil)
Foreign exchange gain (loss):		
Debt	(52.7)	226.2
Sinking funds	12.4	(70.5)
Net	(40.3)	155.7
Total accumulated amortization	53.7	66.9
Net unamortized unrealized foreign exchange gains (losses)	13.4	222.6

6. Retirement Benefits - Group Health and Life Insurance

All retired employees of the Government of Newfoundland and Labrador who are receiving a pension from the Public Service Pension Plan, Uniformed Services Pension Plan, Members of the House of Assembly Pension Plan or the Provincial Court Judges' Pension Plan are eligible to participate in the group insurance program sponsored by Government. All retired teachers who are receiving a pension from the Teachers' Pension Plan are eligible for coverage under the group insurance program sponsored by the Newfoundland and Labrador Teachers Association (NLTA) and cost shared by Government. All retired employees of the Newfoundland and Labrador Housing Corporation (NLHC) are eligible to participate in the group insurance plans sponsored by NLHC. All retired employees of Memorial University of Newfoundland (MUN) who are receiving a pension from the Memorial University Pension Plan or another retirement benefit to which MUN contributed are eligible to participate in the group insurance plans sponsored by MUN. These programs provide both group health and group life benefits to enrolled retirees.

Under the plans sponsored by the Province, NLTA and NLHC, the employer contributes 50% towards group health and group life premiums for both employees and retirees. Plans sponsored by the NLTA are subject to the maximum rates under the NLTA's program. For plans sponsored by MUN, the employer also contributes 50% of the total premium charged towards the benefits of both employees and retirees, with the exception of certain retirees whose health benefits are fully funded by MUN. As at 31 March 2009, the total of all the plans provided benefits to 18,758 retirees.

Actuarial Valuations

An actuarial valuation was prepared by the Province's actuaries (valuation date of 31 March 2009) for the programs sponsored by the Province and the NLTA. The actuarial valuation was based on a number of assumptions about future events including an interest rate of 5.20%, Consumer Price Index (CPI) of 2.50%, as well as other assumptions such as health care cost trends, wage and salary increases, termination rates, plan participation rates, utilization rates and mortality. The assumptions used reflect the Province's best estimates of expected long-term rates and short-term forecasts.

An actuarial valuation was prepared by NLHC's actuaries (valuation date of 31 March 2009) for the programs sponsored by NLHC. The actuarial extrapolation was based on a number of assumptions about future events including an interest rate of 6.0%, CPI of 2.5%, as well as other assumptions such as health care cost trends, wage and salary increases, termination rates, plan participation rates, utilization rates and mortality. The assumptions used reflect NLHC's best estimates of expected long-term rates and short-term forecasts.

A valuation was also prepared by MUN's actuaries (valuation date of 31 March 2009) for the programs sponsored by MUN. The valuation was based on a number of assumptions about future events and include an interest rate of 7.5%, CPI of 3.0%, as well as other assumptions such as health care cost trends, wage and salary increases, termination rates, plan participation rates, utilization rates and mortality. The assumptions used reflect MUN's best estimates of expected long-term rates and short-term forecasts.

Group Health and Life Insurance Retirement Benefits Liability

Details of the group health and life insurance retirement benefits liability are outlined in the table below:

Plan	Estimated Accrued Benefit Obligation	Unamortized Experience Losses	Net Liability 2009	Net Liability 2008	Difference
	($mil)	($mil)	($mil)	($mil)	($mil)
Group health retirement benefits	1,729.7	(177.4)	1,552.3	1,437.5	114.8
Group life insurance retirement benefits	83.4	(5.7)	77.7	75.3	2.4
	1,813.1	(183.1)	1,630.0	1,512.8	117.2

There are no fund assets associated with these plans.

Group Health and Life Insurance Retirement Benefits Expense

In these statements, group health and life insurance retirement benefits costs have been determined as the cost of benefits accrued during the period. Interest on the liability has been accrued for the same period.

The change in the liability for the current period is comprised of the following amounts:

Plan	Employer's Share of Current Period Costs	Interest Expense on the Liability	Employer's Current Period Contributions	Current Period Amortization of Experience Changes	Other Adjustments	Change
	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)
Group health retirement benefits	47.4	78.5	(29.8)	18.7	-	114.8
Group life insurance retirement benefits	1.6	3.6	(2.8)	-	-	2.4
	49.0	82.1	(32.6)	18.7	-	117.2

Interest expense related to the group health and life insurance retirement benefits liability is included with interest as debt expenses in the financial statements. Interest expense for 31 March 2008 amounted to $76.8 million.

Experience Gains or Losses

Experience gains or losses are amortized over the estimated average remaining service life of active participants. The amortization amount is included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

7. Retirement Benefits - Pensions

Defined Benefits

The Government of Newfoundland and Labrador guarantees defined benefit pension plans for substantially all of its full time employees, and those of its Agencies, Boards and Commissions and for members of its Legislature. The plans are - the Public Service Pension Plan, Teachers' Pension Plan, Uniformed Services Pension Plan, the Members of the House of Assembly Pension Plan, and the Provincial Court Judges' Pension Plan. In addition, Memorial University of Newfoundland (MUN) also has a defined benefit pension plan for full time employees known as the Memorial University of Newfoundland Pension Plan. Combined, the plans have 39,601 participants as at 31 March 2009.

The Plans provide for pensions based on employees' length of service and highest average earnings. Employees contribute a defined percentage of their salary, and the employer generally matches this amount. As at 31 March 2009, the plans provided benefits to 23,924 pensioners. Inflation protection is not extended to pensioners of the Uniformed Services Pension Plan and the Members of the House of Assembly Pension Plan nor to pensioners of the Teachers' Pension Plan who retired prior to 01 September 1998.

In 1980, the Province of Newfoundland and Labrador Pooled Pension Fund was established by the *Pensions Funding Act*, with the Minister of Finance as Trustee. This Fund administers all financial activity, including the collection of all contributions and the payment of pensions and the investment of funds for all the pension plans noted above with the exception of the Memorial University of Newfoundland Pension Plan. The financial activity of the Memorial University of Newfoundland Pension Plan is administered by MUN. The Consolidated Revenue Fund guarantees any deficiency in the event assets of a plan are insufficient to meet benefit payments or administration costs.

Contribution and Benefit Formulae

Public Service Pension Plan

Employee contributions are 8.6% of pensionable salary, less a formulated amount representing contributions to the Canada Pension Plan (CPP). A pension benefit is available based on the number of years of pensionable service times 2% of the employee's best five years average salary, reduced by a formulated amount representing CPP pension benefits for each year since 1967.

During 2006-07 plan legislation was enacted consistent with the two components of the Plan. The Registered component will continue to be administered within the Province of Newfoundland and Labrador Pooled Pension Fund and will provide benefits based on limits set out in the federal *Income Tax Act*. The Supplementary component will be administered in the accounts of the Consolidated Revenue Fund and will provide for the remainder of benefits under the Plan.

Teachers' Pension Plan

Employee contributions are 9.35% of pensionable salary. A pension benefit is available based on the number of years of pensionable service prior to 1 January 1991 times 1/45th of the employee's best five years average salary, plus 2% of the employee's best five years average salary times years of pensionable service after that date, reduced by a formulated amount representing CPP pension benefits for each year since 1967. The CPP reduction only applies to pensioners who retired after 31 August 1998.

During 2006-07 plan legislation was enacted consistent with the two components of the Plan. The Registered component will continue to be administered within the Province of Newfoundland and Labrador Pooled Pension Fund and will provide benefits based on limits set out in the federal *Income Tax Act*. The Supplementary component will be administered in the accounts of the Consolidated Revenue Fund and will provide for the remainder of benefits under the Plan.

Memorial University of Newfoundland Pension Plan

Employee contributions are 9.2% of pensionable salary, less a formulated amount representing contributions to the CPP. A pension benefit is available based on the number of years of pensionable service times 2% of the employee's best five years average salary, reduced by a formulated amount representing CPP pension benefits for each year since 1967.

In addition to the above Registered component, in May 1996, MUN approved a Supplemental Retirement Income Plan to provide benefits to employees whose salaries exceed the maximum pensionable salary and whose defined benefit pension, therefore, exceeds the maximum benefits payable from the Memorial University of Newfoundland Pension Plan as per limits set out in the federal *Income Tax Act*. As well, in February and May 1996, MUN offered employees who reached the age of 55 and attained a minimum of 10 years pensionable service, an opportunity to take an early retirement under the provisions of the Voluntary Early Retirement Incentive Program. The program provided an incentive of enhanced pension benefits of up to five years pensionable service and waiver of actuarial reduction, if applicable, or a lump sum early retirement payment.

Uniformed Services Pension Plan

Employee contributions are 9.95% of pensionable salary, less a formulated amount representing contributions to the CPP. A pension benefit is available based on the number of years pensionable service times 2% of the employee's best three years average salary, reduced by a formulated amount representing CPP pension benefits since 1967. Grandfathered members have higher service accrual pensions in recognition of their higher contributions.

Members of the House of Assembly Pension Plan

Member contributions are 9% of pensionable salary, which includes salary as a Minister, if applicable. A pension benefit is available after serving as a Member in, at least, two General Assemblies and for, at least, five years. The benefit formula is based on years of service expressed as a percentage of the average pensionable salary for the best three years. The percentage varies being 5% for each of the first ten years, 4% for each of the next five years and 2.5% for each of the next two years of service as a Member. For members elected for the first time after 1 April 1998, the percentage is 5% for the first ten years and 2.5% for each of the next ten years. The accrued benefit is reduced by a formulated amount representing CPP pension benefits for each year since 1967. Ministers receive an additional pension amount calculated similarly, based on service and pensionable salary as a Minister.

During 2005-06 the *Members of the House of Assembly Retiring Allowances Act* was enacted to restructure the Members of the House of Assembly Pension Plan into two components based on limits set out in the federal *Income Tax Act*. The first, or Registered component, will continue to be administered within the Province of Newfoundland and Labrador Pooled Pension Fund. The second, or the Supplementary Employee Retirement component, will be administered in the accounts of the Consolidated Revenue Fund.

Provincial Court Judges' Pension Plan

Effective 01 April 2002 (pursuant to the *Provincial Court Judges' Pension Plan Act* enacted 08 June 2004) the Provincial Court Judges' Pension Plan was established with then-existing judges being given the one-time option of transferring from the Public Service Pension Plan. All judges appointed subsequent to 01 April 2002 are required to join this Plan. Employee contributions are 9% of pensionable salary. A pension benefit is available based on the number of years pensionable service times 3.33% of the employee's annual salary. The Registered component of the Plan, administered within the Province of Newfoundland and Labrador Pooled Pension Fund, provides benefits based on limits set out in the federal *Income Tax Act* with the remainder of the benefit provided by the Supplementary component. The Supplementary component will be administered in the accounts of the Consolidated Revenue Fund.

Actuarial Valuations

The actuarial valuations which are prepared by the Province's and MUN's actuaries were based on a number of assumptions about future events, such as interest rates, wage and salary increases, inflation rates and rates of employee turnover, disability and mortality. The assumptions used reflect the Province's and MUN's best estimates of expected long-term rates and short-term forecasts. The expected interest and inflation rates follow:

Expected Interest Rates

The expected average interest rate for the Public Service Pension Plan is 7.5%. The expected rate for the Teachers' Pension Plan is 7.5% projected on a long-term basis. The expected rate for the Memorial University of Newfoundland Pension Plan for the Registered component is 6.5% and the Supplemental Retirement Income Plan and the Voluntary Early Retirement Income Plan is 7.5% projected on a long-term basis. The expected rate for the Uniformed Services Pension Plan is 7.5% projected on a long-term basis. The expected rate for the Members of the House of Assembly Pension Plan is 7.5% for the Registered component and 4.66% for the Supplementary Employee Retirement component, projected on a long-term basis. The expected rate for the Provincial Court Judges' Pension Plan is 7.0% for the Registered component and 4.685% for the Supplementary Employee Retirement component, projected on a long term basis.

Expected Inflation Rates

The expected inflation rate for MUN's pension plan is 3.0% and 2.5% for all other plans.

The latest actuarial valuations for the Province's pension plans, according to the administrators of those plans, are dated as listed in the following table:

Pension Plan	Valuation Date
Public Service	31 December 2006
Teachers'	31 August 2006
Memorial University of Newfoundland	31 March 2009
Uniformed Services	31 December 2005
Members of the House of Assembly	31 December 2006
Provincial Court Judges'	31 December 2007

Actuarial extrapolations are provided for accounting purposes by the Province's and MUN's actuaries based on the above dates, unless otherwise noted.

Pension Liability

Details of the pension liability are outlined in the table below. The estimated accrued benefit obligation and the value of the plan assets reported below have been calculated by the Province's and MUN's actuaries to 31 March 2009. The actual results of future valuations may result in variances from these extrapolations.

Pension Plan	Estimated Accrued Benefit Obligation	Fund Assets	Unamortized Experience Losses	Net Unfunded Liability 2009	Net Unfunded Liability 2008	Change
	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)
Public Service	5,212.9	2,735.9	(1,439.2)	1,037.8	911.6	126.2
Teachers'	3,602.6	2,087.1	(1,164.2)	351.3	270.2	81.1
Memorial University of Newfoundland	965.0	620.9	(320.0)	24.1	10.9	13.2
Uniformed Services	320.9	45.1	(52.9)	222.9	202.3	20.6
Members of the House of Assembly	88.6	9.3	(17.2)	62.1	58.8	3.3
Provincial Court Judges'	8.9	2.2	(0.7)	6.0	5.2	0.8
Total	10,198.9	5,500.5	(2,994.2)	1,704.2	1,459.0	245.2

Pension Fund Assets, with the exception of the Memorial University of Newfoundland Pension Plan, are valued at the market value at 31 December 2008 and projected to year end. Pension Fund Assets for the Memorial University of Newfoundland Pension Plan are valued at the market value at 31 March 2009.

Special Payments

Pursuant to the applicable pensions legislation, the Province had agreed to make special payments of $60 million annually into the Public Service Pension Plan as long as the plan remains unfunded. The agreement was amended during 2006-07 to replace this annual funding as a result of the commitment of the Province to make a one time total contribution of $982 million to the Public Service Pension Plan to help address the unfunded liability. This commitment was completed during 2007-08. During the year, MUN made a special payment of $4.3 million towards the balance of the 31 March 2008 unfunded liability. Also, commencing in 2001-02, the Province began making annual payments of $7.5 million to the Members of the House of Assembly Pension Plan, however, these payments will only be allowable under the federal *Income Tax Act* to the extent that they fully fund the Registered component of the Plan. There were no special payments made to the Members of the House of Assembly Pension Plan in 2008-09. During 2008-09 the Province made a payment of $181,278 to fully fund the accrued benefit obligation as at 31 December 2007 of the registered portion of the Provincial Court Judges' Pension Plan.

Pension Expense

In these statements, pension costs have been determined as the cost of benefits accrued during the period. Interest on the unfunded liability has been accrued for the same period.

The change in the unfunded liability for the current period for each plan is comprised of the following amounts:

Pension Plan	Province's Share of Pension Benefits Earned for the Period	Pension Interest Expense on the Unfunded Liability	Province's Current Period Pension Contributions	Current Period Amortization of Experience Changes	Other Adjustments	Unfunded Portion of Current Period Pension Change
	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)
Public Service	76.3	95.2	(86.4)	41.1	-	126.2
Teachers'	25.7	45.9	(37.0)	46.5	-	81.1
Memorial University of Newfoundland	17.6	8.1	(23.4)	10.9	-	13.2
Uniformed Services	3.7	16.9	(2.9)	2.9	-	20.6
Members of the House of Assembly	2.7	3.5	(6.6)	3.7	-	3.3
Provincial Court Judges'	0.8	0.3	(0.4)	0.1	-	0.8
Total	126.8	169.9	(156.7)	105.2	-	245.2

Pension interest expense is included with interest as debt expenses in the financial statements. Pension interest expense for 31 March 2008 amounted to $113.5 million.

Experience Gains or Losses

Experience gains or losses are amortized over the estimated average remaining service life of active contributors. The amortization amount is included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

Other Pension Plans

The Government Money Purchase Pension Plan was established for employees whose employment status does not qualify them for participation in another of their employer's pension plans. This plan has approximately 28,625 participants. Employees contribute 5% of their salary to the Plan and the Province generally matches this contribution. Each employee will receive an annuity at retirement, the value of which is determined by their accumulated contributions plus investment earnings. This Plan is administered by the London Life Insurance Company and at 31 March 2009 assets had a market value of $200.1 million (31 March 2008 - $223.3 million).

8. Prior Period Adjustment

The tangible capital assets net book value as at 31 March 2008 has been decreased from $2,365.2 million to $2,321.5 million (decrease of $43.7 million) due to the reporting of tangible capital assets information, within the Consolidated Revenue Fund, which was subsequently determined to be inconsistent with the Province's tangible capital asset policies. These adjustments have been applied retroactively with restatement. As a result, the surplus for 2007-08 of $1,437.4 million has been decreased by $16.7 million resulting in a revised surplus of $1,420.7 million. In addition, the accumulated deficit at 31 March 2008 accordingly increased by $43.7 million; of which $27.0 million related to the 31 March 2007 and prior fiscal years. The comparative figures for 31 March 2008 have been revised in the various statements to reflect the impact of this prior period adjustment.

9. Prepaid and Deferred Charges

Prepaid and deferred charges of $35.6 million (31 March 2008 - $36.9 million) consist of $8.6 million relating to workers' compensation fees, $4.5 million relating to property taxes and other municipal fees, $4.1 million relating to membership fees and subscriptions, $3.9 million for software licences, $3.2 million related to prepaid insurance costs, $2.6 million pertaining to maintenance contracts and $8.7 million related to miscellaneous other prepaid and deferred charges.

10. Contingent Liabilities

(a) Guaranteed Debt

Guarantees made by the Province as at 31 March 2009 amounted to $1,184.9 million (31 March 2008 - $1,296.0 million). In addition, the Province guaranteed the interest thereon. See Schedule 7 - Guaranteed Debt.

(b) Legal Actions

(i) There have been a number of statements of claim alleging negligence on the part of Government employees and agencies in not preventing abuse while these claimants were under Government care.

(ii) A number of claims have been filed against the Province for alleged breaches of contracts and/or tenders as well as for general damages and personal claims pursuant to action initiated by the Province.

(c) Other

(i) *Registrar of the Supreme Court*

The Province of Newfoundland and Labrador guarantees all sums required to discharge the balances of the Registrar of the Supreme Court as administrator, guardian, trustee, etc. (*Judicature Act*). See Schedule 8 - Trust Accounts.

(ii) *Pensions*

a) Province of Newfoundland and Labrador Pooled Pension Fund

Pursuant to Section 9 of the *Pensions Funding Act*, the Consolidated Revenue Fund is liable for any deficiency in the Province of Newfoundland and Labrador Pooled Pension Fund covered by that Act. See note 7.

b) Memorial University of Newfoundland Pension Fund

Pursuant to Section 6 of the *Memorial University Pensions Act*, if there is insufficient money in the Memorial University of Newfoundland Pension Fund to provide for the payment of applicable expenditures as they fall due, the Consolidated Revenue Fund is liable for payment of an amount to cover the deficiency. As at 31 March 2009, the Memorial University of Newfoundland Pension Plan had a net unfunded pension liability for funding purposes of $271.0 million. However, there currently exists sufficient money in the Fund for the payment of expenditures as they fall due. See note 7.

(iii) *Trust Accounts*

Generally, the Province is contingently liable for any shortage that may occur for certain funds held in trust by the Province. Currently, all obligations held have an offsetting asset. See Schedule 8 - Trust Accounts.

(iv) *Canadian Saltfish Corporation*

On 17 July 1970, the Province entered into an agreement with the Government of Canada for the marketing of saltfish products by the Canadian Saltfish Corporation (the Corporation), pursuant to the *Saltfish Act*. The Agreement provided that the Province is required to pay to the Government of Canada a proportional share of 50 per cent of the losses of the Corporation. This share is based on the total value of annual sales of cured fish products applicable to each participating province.

On 19 February 1993, the Government of Canada requested that the Province compensate it for losses incurred to 31 March 1992. The amount which the Government of Canada calculated as the Province's share of the losses was $21.6 million.

The Corporation was dissolved with effect from 1 April 1995, so that resolution of the matter will be between the Government of Canada and the Province. However, the Province takes the position that for a number of reasons, including the fact that the Corporation engaged in activities beyond its mandate as determined by the Auditor General of Canada and confirmed by the Department of Justice of Canada, it is not liable for the amount claimed.

(v) *Newfoundland and Labrador Student Loans Program*

Under the loan guarantee component of this Program, the Province has issued guarantees totalling $0.1 million. Under the debt reduction component of the Program, the Province is contingently liable for possible grants totalling $14.5 million, of which $10.9 million has been recorded as a provision for likely amounts payable related to student loans due to the debt reduction component. See Schedule 2 - Loans, Advances and Investments.

(vi) *Environmental Responsibility*

As a result of delivering its stated programs and initiatives, there are a number of sites throughout the Province which are considered potentially contaminated sites. A liability will be accrued in the financial statements when it has been determined that the Province is liable for a site which has become contaminated and where a reasonable estimate of the remediation costs can be made. To date, $7.9 million has been recorded (see Schedule 5 - Payables, Accrued and Other Liabilities). Where it is uncertain as to whether an obligation exists for the Province to remediate a contaminated site, then information on any such sites will be disclosed as contingent liabilities.

As at 31 March 2009, while the Province is aware of a number of contaminated sites, the full extent of the remediation costs for these known sites is not readily determinable. It is the responsibility of the departments and entities to identify any other potentially contaminated sites which are owned by the Province and to collect the information necessary to assess the extent or likelihood of any environmental damage. As contaminated sites are identified, additional environmental liabilities may be recognized or contingent liabilities disclosed due to newly identified sites and/or changes in the assessments of currently known sites.

11. Contractual Obligations

Contractual obligations to outside organizations in respect of contracts entered into before 31 March 2009 amount to $738.3 million (31 March 2008 - $353.6 million), of which $308.4 million is for capital projects, $175.4 million for provincial policing service agreement, $84.1 million for lease payments, $73.2 million for ferry services, $33.9 million for information technology services, $12.9 million for forestry management, $7.2 million for energy savings projects and other agreements of $43.2 million.

These contractual obligations will become liabilities when the terms of the contracts are met. Payments in respect of these contracts and agreements for the Consolidated Revenue Fund are subject to the voting of supply by the Legislature.

12. Externally Restricted Assets

Externally restricted assets amount to $55.2 million (31 March 2008 - $53.6 million) of which $52.2 million relates to Memorial University of Newfoundland consisting of assets held for endowment purposes whereby the principal is not expendable. Income earned on these assets is required to be used for the purpose specified by the donors and hence can not be used for other operating purposes. The externally restricted assets consist of donations and investments which are to be used for scholarships, assistance, professional recruitment and development, equipment and other external endowments. Deferred revenue of $20.2 million (31 March 2008 - $20.2 million) has been recorded in relation to these assets and is included in the amount noted in note 4 for the education sector. Externally restricted assets of other entities amount to $3.0 million which relate to various donations designated for specified purposes.

13. Provision for Guaranteed Debt

The provision for probable losses on guaranteed debt (see note 10(a)) is nil (31 March 2008 - nil).

14. Government Organization Changes

The Accumulated Deficit at 31 March 2009 has been increased by $56.6 million, of which $21.1 million relates to a increase in Net Debt, to reflect the change to the prior year's amounts in the 31 March 2008 financial statements of certain entities. Of the $56.6 million, $3.0 million relates to changes in accounting policies for a Government Business Enterprise primarily related to recognizing accumulated other comprehensive income arising from unrealized losses on sinking fund investments. In addition, $35.5 million relates to adjustments for tangible capital assets with the remaining $18.1 million relating to other changes in entities' accounting policies and restatements. The Accumulated Deficit at 31 March 2008 has been decreased by $53.0 million and Net Debt decreased by $36.5 million to reflect the change to the prior year's amounts in the 31 March 2007 financial statements of certain entities. These changes have been applied retroactively without restatement.

15. Measurement Uncertainty

Measurement uncertainty exists when it is reasonably possible that there could be a material variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used. Estimates are based on the best information available at the time of preparation of the financial statements and are adjusted annually to reflect new information as it becomes available. Some examples of where measurement uncertainty exists are the accrual of retirement benefits, the allowance for guaranteed debt and the accrual of self-insured workers' compensation benefits.

16. Borrowing Contributions (Requirements)

The following summary compares the actual amounts for the year ended 31 March 2009 with amounts included in Statement I (Summary of Cash Requirement) of the Estimates approved by the Legislature. Please refer to the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for the year ended 31 March 2009 for further information on the calculation of the Total Borrowing Contribution - CRF of $666.0 million noted below.

Borrowing Contributions (Requirements)	Actual	Estimates	Increase (Decrease)
	($mil)	($mil)	($mil)
CRF	666.0	(794.9)	(1,460.9)
Other Entities	39.2	-	(39.2)
Total Borrowing Contributions (Requirements)	705.2	(794.9)	(1,500.1)

17. Mining Taxes

The Province remits a percentage of mining revenues received as taxes per the Labrador Inuit Land Claims Agreement and the Memorandum of Agreement concerning the Voisey's Bay Project. As at 31 March 2009, there was no payable due in relation to these agreements (31 March 2008 - $28.9 million).

18. Original Estimates

Certain amounts in the statements and exhibits of the 2008-09 Budget Speech shown for comparative purposes were prepared on the accrual basis as described under note 1(c)(i).

In addition, amounts for Net Debt (Consolidated Statement of Change in Net Debt) as per these statements and exhibits have also been presented for comparative purposes.

19. Additional Notes

In addition to the aforementioned, there are various other notes disclosed in the schedules which follow.

20. Comparatives

Certain of the 31 March 2008 financial statement figures and related schedules have been restated to be consistent with the 31 March 2009 statement presentation.

Schedule 1

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Receivables
As at 31 March 2009
with comparative figures for 2008

	2009	2008
	($000)	($000)
Accounts receivable	480,645	683,760
Taxes receivable	243,652	128,538
Due from Government of Canada	127,345	93,631
	851,642	905,929
Less: Allowance for doubtful accounts	85,960	81,902
	765,682	824,027

Schedule 2

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Loans, Advances and Investments
As at 31 March 2009
with comparative figures for 2008

	2009	2008
	($000)	($000)
Loans and Advances		
Student loans	208,324	227,391
Municipalities	130,051	157,188
Commercial	56,553	47,790
Housing	7,638	7,837
Other	6,334	5,197
Total Loans and Advances	408,900	445,403
Less: Provision for loan repayments through future appropriations (municipalities)	148,804	157,086
Allowance for doubtful loans and advances	98,020	97,307
Provision for student loan debt reduction grants	10,898	15,546
	151,178	175,464
Investments		
Memorial University of Newfoundland - Fixed Income	39,170	32,064
Government of Canada Coupon investments	1,320	2,429
Dr. H. Bliss Murphy Cancer Care Foundation - Endowment Funds investments	962	670
Water rights held in Labrador - note 1	-	30,000
	41,452	65,163
Equity Investments:		
Administered by Memorial University of Newfoundland	27,255	31,155
Administered by Business Investment Corporation	19,667	19,728
Administered by Newfoundland & Labrador Film Development Corporation	12,629	10,653
Cold Ocean Salmon Inc.	7,250	7,250
Country Ribbon Inc.	4,500	4,500
Icewater Seafoods Inc.	3,500	3,500
ACF Equity Atlantic Inc.	2,231	2,231
Gray Aqua Group Ltd.	1,000	-
Orphan Industries Limited.	970	970
Blue Line Innovations Inc..	500	500
Consilient Technologies Corporation	500	500
Newfound Genomics Inc.	500	-
Newlab Clinical Research Inc.	500	500
SAC Mfg. Inc	500	500
Other	7,232	6,480
	88,734	88,467
Total Investments	130,186	153,630
Less: Allowance for write-down of investments	35,206	32,742
	94,980	120,888
	246,158	296,352

NOTES TO THE SCHEDULE OF LOANS, ADVANCES AND INVESTMENTS
As at 31 March 2009

1. Water Rights Held in Labrador

During the year, the Legislature of the Province passed the *Energy Corporation of Newfoundland and Labrador Water Rights Act*, which extinguished all water rights in relation to the Lower Churchill River without compensation. Upon the request of Nalcor Energy (formerly the Energy Corporation of Newfoundland and Labrador), which is a wholly owned entity of the Province and is the parent company of Newfoundland and Labrador Hydro, to the Lieutenant-Governor in Council, the water rights were granted to Nalcor Energy.

2. Interest Rates

Interest rates for all loans range from non-interest bearing to 14.0% and are repayable over terms not exceeding 25 years.

Schedule 3

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Equity in Government Business Enterprises
As at 31 March 2009
with comparative figures for 2008

	NL Liquor Corporation 4 Apr 2009	Nalcor Energy 31 Dec 2008	Total 2009	Total 2008
	($000)	($000)	($000)	($000)
Equity - beginning of year	50,209	677,800	728,009	632,450
Adjustment to opening equity	-	-	-	2,300
Adjusted equity - beginning of period	50,209	677,800	728,009	634,750
Net income for year	123,168	82,200	205,368	198,759
Accumulated other comprehensive income - see note..	-	(3,000)	(3,000)	19,500
Capital transactions:				
Transfers from government	-	319,500	319,500	-
Transfers to government	(118,000)	-	(118,000)	(125,000)
Equity - end of year	55,377	1,076,500	1,131,877	728,009
Equity represented by:				
Assets				
Cash and temporary investments	20,679	55,200	75,879	23,228
Receivables	10,059	250,800	260,859	126,373
Oil and gas properties	-	112,100	112,100	-
Inventories	34,636	52,700	87,336	98,441
Prepaid and deferred charges	1,959	76,200	78,159	90,201
Investments	-	24,600	24,600	16,700
Reserve Fund	-	23,400	23,400	11,100
Capital assets	18,234	1,862,800	1,881,034	1,842,318
Total Assets	85,567	2,457,800	2,543,367	2,208,361
Liabilities				
Accounts payable and accruals	30,190	191,700	221,890	216,652
Borrowings	-	1,189,600	1,189,600	1,261,200
Total Liabilities	30,190	1,381,300	1,411,490	1,477,852
Non-controlling interest	-	-	-	2,500
Equity	55,377	1,076,500	1,131,877	728,009

NOTE

Other Comprehensive Income

Other comprehensive income comprises revenues, expenses, gains and losses that are recognized in comprehensive income, but excluded from net income. Comprehensive income is the change in equity (net assets) of an enterprise during a period of transactions and other events and circumstances from non-owner sources.

Schedule 4

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Net Income of Government Business Enterprises
For the year ended 31 March 2009
with comparative figures for 2008

	NL Liquor Corporation 4 Apr 2009	Nalcor Energy 31 Dec 2008	Total 2009	Total 2008
	($000)	($000)	($000)	($000)
Revenue				
Revenue from operations	242,569	569,200	811,769	800,624
Expense				
Expenses from operations	119,401	487,000	606,401	588,765
Transfers to government	-	-	-	13,100
Total Expense	119,401	487,000	606,401	601,865
Net income	123,168	82,200	205,368	198,759

Schedule 5

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Payables, Accrued and Other Liabilities
As at 31 March 2009
with comparative figures for 2008

	2009	2008
	($000)	($000)
Accrued salaries and employee benefits - note 1	718,813	678,615
Due to Government of Canada	684,749	552,146
Accounts Payable	548,479	445,144
Accrued interest payable	175,949	178,913
Due to municipalities	90,515	124,307
Capital leases - note 2	37,077	40,164
Environmental liabilities	7,853	8,274
Other	16,666	13,142
	2,280,101	2,040,705

NOTES

1. Self-Insured Workers' Compensation Benefits

Accrued salaries and employee benefits include an amount of $31.6 million related to the self-insured workers' compensation benefits liability as at 31 March 2009 (31 March 2008 - $31.4 million). During the 2007-08 fiscal year, an actuarial valuation as of 31 December 2007, with disclosures as at 31 March 2009, was obtained for the Province's self-insured workers' compensation benefits.

2. Capital Leases

Interest rates for all capital leases range from non-interest bearing to 11.5% and have repayment schedules ranging in duration from less than a year to 15 years.

Schedule 6

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Borrowings
As at 31 March 2009
with comparative figures for 2008

	2009				2008
	Total Borrowings	Sinking Fund Balance	Net Borrowings	Interest Rate Range	Net Borrowings
	($000)	($000)	($000)	(%)	($000)
Consolidated Revenue Fund					
Treasury bill borrowings	493,158	-	493,158	0.355 - 0.93	490,184
General debentures	5,984,316	876,521	5,107,795	4.50 - 11.00	5,260,297
Government of Canada	461,846	-	461,846	4.91 - 11.33	503,500
	6,939,320	876,521	6,062,799		6,253,981
Health care organizations	189,710	8,048	181,662	prime-1.75-10.5	185,632
Student Loan Corporation of Newfoundland and Labrador	170,000	-	170,000	1.59 - 3.68	184,000
Newfoundland and Labrador Municipal Financing Corporation	119,410	-	119,410	4.10 - 10.5	150,628
Newfoundland and Labrador Housing Corporation					
General debentures	24,374	-	24,374	4.12	25,445
Other Debt	36,384	-	36,384	prime-1 - 8.50	25,298
Total	7,479,198	884,569	6,594,629		6,824,984

See accompanying notes.

NOTES TO THE SCHEDULE OF BORROWINGS
As at 31 March 2009

1. Borrowings

Borrowings and unamortized foreign exchange losses, by major currency, and sinking funds as at 31 March 2009 are as follows:

Major Currencies	Foreign Borrowings	Exchange Rate	Canadian $	Unamortized Foreign Exchange Gains/(Losses)	Net
			(000's)	(000's)	(000's)
U.S.	1,050,000	1.2613	1,324,365	3,629	1,327,994
Canadian			6,154,833	-	6,154,833
	Sub-total		7,479,198	3,629	7,482,827
	Foreign sinking funds		(309,645)	9,775	(299,870)
	Canadian sinking funds		(574,924)	-	(574,924)
	Total		6,594,629	13,404	6,608,033

2. Contributions and Repayment Requirements

Sinking fund contributions and debt repayments which are not funded by a sinking fund, by major currency, in Canadian dollars are as follows:

	U.S.	Canadian	Total
	(000's)	(000's)	(000's)
2009-2010	9,144	353,565	362,709
2010-2011	9,144	324,204	333,348
2011-2012	9,144	458,264	467,408
2012-2013	9,144	136,391	145,535
2013-2014	9,144	95,489	104,633
2014-2043	52,975	1,877,749	1,930,724
	98,695	3,245,662	3,344,357

3. Foreign Exchange Gain

The foreign exchange gain which has been recognized on the Consolidated Statement of Operations is $13.2 million (31 March 2008 - $10.8 million).

4. Sensitivity Analysis

An increase/decrease of one cent in the foreign exchange rates at 31 March 2009 would result in an increase/decrease in foreign borrowings of $10.5 million (31 March 2008 - $10.5 million).

5. Related Sinking Fund Investments

At year end, the Province held $668.1 million worth of its own debentures (face value) in sinking funds as active investments (31 March 2008 - $569.3 million) which are reflected in the sinking fund balances disclosed in note 1 above. These were comprised of $515.2 million in Canadian investments and $152.9 million in US investments.

NOTES TO THE SCHEDULE OF BORROWINGS (continued)

6. Debt Related Risk

The practice of borrowing in both domestic and foreign currencies may potentially give rise to a number of risks including interest rate, credit, foreign exchange and liquidity risk. Interest rate risk is the risk that debt servicing costs will increase due to changes in interest rates while credit risk is the risk that a loss may occur from the failure of another party to meet its obligations under a derivative financial instrument contract. As well, foreign exchange risk is the risk that debt servicing costs will increase due to a decline in the value of the Canadian dollar relative to other currencies while liquidity risk is the risk that financial commitments will not be met over the short-term.

The Province attempts to manage its exposure to these risks and minimize volatility in its debt expenses by following a conservative debt and risk management strategy. The Province's debt portfolio is structured such that virtually all of its debt is long-term with fixed interest rates and fixed repayment terms. When appropriate and the option is available, debt with high interest rates has been called and refinanced with new lower interest rate debt. Otherwise, debt is generally held until maturity. Hence, the Province's exposure to interest rate and credit risk is minimal as a result of its conservative debt management strategy.

While the majority of the Province's debt is domestic in nature, there are a number of US dollar denominated debt issues. All of these are long-term issues and the Province has established sinking funds, also in US dollars, to provide repayment of the debt at maturity. For debt servicing purposes, short-term forward contracts are occasionally entered into when favorable exchange rates are available to minimize exposure to foreign exchange risk.

The Province's exposure to liquidity risk is managed by distributing debt maturities over several years, maintaining sinking funds for the repayment of certain long-term debt issues and holding adequate cash reserves or short-term borrowings as contingent sources of liquidity.

Nalcor Energy operates in an environment with various forms of financial risk including changes in interest rates, and fluctuation in foreign currency exchange rates and commodity prices. Nalcor Energy utilizes a combination of financial instruments and portfolio management to manage these risks. Net borrowings of Nalcor Energy is reflected in the Equity in government business enterprises on the Consolidated Statement of Financial Position.

Schedule 7

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Guaranteed Debt
As at 31 March 2009
with comparative figures for 2008

	2009	2008
	($000)	($000)
Guaranteed Debentures		
Newfoundland and Labrador Hydro	1,147,095	1,250,681
Municipalities	476	481
	1,147,571	1,251,162
Guaranteed Bank Loans		
Fisheries	33,216	32,758
Mortgages	2,136	2,581
Other corporations	1,943	9,507
	37,295	44,846
	1,184,866	1,296,008

NOTES

1. Limit of Loan Guarantees

The limit of loan guarantees for Guaranteed Debentures is $1,147.6 million and $39.8 million for Guaranteed Bank Loans.

2. Provision for Guaranteed Debt

The provision for probable losses on guaranteed debt is nil (31 March 2008 - nil).

Schedule 8

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Trust Accounts
As at 31 March 2009
with comparative figures for 2008

	2009	2008
	($000)	($000)
Registrar of the Supreme Court	33,631	32,876
Teachers' Accrued Salary Trust Account	6,597	6,759
Patients' Funds Held in Trust	3,851	4,121
Federal/Provincial Contractors' Security Account	3,937	312
Consolidated Tender Account	1,962	3,548
Provincial Nominee Program	1,481	1,448
Provincial Courts Trust Account	1,308	1,188
Other Trust Accounts	5,051	5,065
	57,818	55,317

NOTE

Workplace, Health, Safety and Compensation Commission

The Workplace, Health, Safety and Compensation Commission (the Commission) is considered to be a form of trust. For the most recent fiscal year ended 31 December 2008, the Commission reported a net fund deficiency of $187.9 million (31 December 2007 - net fund deficiency of $29.4 million) and an accumulated operating deficit of $96.5 million (31 December 2007 - $84.5 million). Under legislation, no liability on behalf of the Province has been established.

Schedule 9

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Tangible Capital Assets
As at 31 March 2009
with comparative figures for 2008

	Original Cost				Accumulated Amortization				
Category	Balance 31 March 2008	Additions 2009	Disposals 2009	Balance 31 March 2009	Balance 31 March 2008	Amort. Net of Disposals 2009	Balance 31 March 2009	Net Book Value 31 March 2009	Net Book Value 31 March 2008
	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)
Buildings	2,401.7	75.9	18.4	2,459.2	1,156.3	69.1	1,225.4	1,233.8	1,245.4
Marine vessels & aircraft	91.9	7.6	-	99.5	74.2	2.4	76.6	22.9	17.7
Equipment & machinery	1,049.8	79.6	21.2	1,108.2	748.9	59.4	808.3	299.9	300.9
Infrastructure	3,866.5	43.4	0.3	3,909.6	3,340.6	47.7	3,388.3	521.3	525.9
Computer software	71.7	2.1	7.5	66.3	44.7	5.7	50.4	15.9	27.0
Sub-total	7,481.6	208.6	47.4	7,642.8	5,364.7	184.3	5,549.0	2,093.8	2,116.9
Work in progress				303.3				303.3	204.6
Total				7,946.1				2,397.1	2,321.5

NOTES

1. Tangible Capital Assets

Tangible capital assets are capitalized on the Consolidated Statement of Financial Position with the cost of the assets amortized over the estimated useful life of the assets.

2. Work In Progress

Work in progress is considered to be a tangible capital asset, however it is not amortized as it is not yet available for use. Government currently has a number of projects under construction or development with a total for 31 March 2009 of $303.3 million (31 March 2008 - $204.6 million) having been spent on these projects to date. Upon completion, these assets are recorded in the appropriate category in the schedule. The additions of $208.6 million include $39.5 million of work in progress assets that have been capitalized in the year. Net additions to work in progress assets amount to $138.2 million for 2008-09.

3. Amortization Expense

Amortization net of disposals in the amount of $184.3 million as reported in the schedule consists of amortization expense of $180.5 million less accumulated amortization on assets disposed of in the year in the amount of $27.5 million. The balance of $31.3 million is the result of adjustments by certain entities.

Amortization net of disposals as at 31 March 2008 was $118.1 million which consisted of amortization expense of $175.5 million less accumulated amortization on assets disposed of in the year in the amount of $25.7 million. The remaining $31.7 million is the result of adjustments by certain entities and the inclusion of additional entities in the Government reporting entity.

TANGIBLE CAPITAL ASSETS (continued)

4. Estimated Useful Life

The historic cost of the assets is estimated in many cases, and amortization is calculated on a straight line basis over the following useful lives:

Asset	Estimated Useful Life
Buildings	40 years
Marine vessels & aircraft	
Marine vessels	20 years
Aircraft	20 years
Equipment & machinery	
Heavy machinery and equipment	20 years
Snow removal equipment	10 years
Office/other machinery and equipment	10 years
Vehicles	5 years
Computer hardware	4 years
Infrastructure	
Roads	20 years
Airstrips	20 years
Marine facility infrastructure	20 years
Other infrastructure assets	20 years
Land	indefinite
Bridges	40 years
Computer software	7 years

The above useful lives reflect the policies of the Consolidated Revenue Fund. Amortization reported by other organizations included in the Government reporting entity is recorded in these statements as per the amortization policies of these other organizations. These policies may differ from those identified above.

5. Historical or Cultural Assets

In accordance with current accounting standards, certain assets which have historical or cultural value belonging to the Province are not included in this schedule. Such assets consist of paintings, sculptures, historical documents, and historical and cultural artifacts.

6. Intangible and Inherited Assets

Intangible assets and items inherited by right of the Crown, such as Crown lands, forest, and mineral resources, are not recognized as tangible capital assets in accordance with current accounting standards.

7. Leased Assets

The gross amount of leased tangible capital assets is $67.4 million (31 March 2008 - $75.0 million), amortization expense is $2.5 million (31 March 2008 - $4.0 million) and accumulated depreciation is $45.7 million (31 March 2008 - $46.8 million). These are included in the appropriate category in the schedule.

8. Prior Period Adjustment

As per note 8 to the financial statements, there is a prior period restatement resulting in a $43.7 million decrease in the net book value of tangible capital assets. Of this amount, $27.0 million relates to the cumulative effect on the beginning balance for the 2007-08 fiscal year which consists of the following changes with respect to each applicable asset category.

Category	Original Cost Increase (Decrease)	Accumulated Amortization Increase (Decrease)	Net Book Value Increase (Decrease)
	($mil)	($mil)	($mil)
Building	(6.3)	(0.2)	(6.1)
Equipment & machinery	0.5	0.3	0.2
Infrastructure	(48.7)	(6.6)	(42.1)
Computer software	0.3	-	0.3
Sub-total	(54.2)	(6.5)	(47.7)
Work in progress			20.7
Total			(27.0)

For the 2007-08 fiscal year, $16.7 million of the restatement consists of the following changes with respect to each applicable asset category:

Category	Original Cost Increase (Decrease)	Accumulated Amortization Increase (Decrease)	Net Book Value Increase (Decrease)
	($mil)	($mil)	($mil)
Building	(1.0)	(0.6)	(0.4)
Equipment & machinery	0.4	0.2	0.2
Infrastructure	12.6	(2.4)	15.0
Computer software	0.5	-	0.5
Sub-total	12.5	(2.8)	15.3
Work in progress			(32.0)
Total			(16.7)

Schedule 10

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Revenue by Source
For the year ended 31 March 2009
with comparative figures for 2008

	Actuals 2009	Actuals 2008
	($000)	($000)
Provincial Sources		
Taxation		
Personal income tax	899,984	803,999
Sales tax	757,742	685,856
Corporate income tax	520,009	483,893
Mining and mineral rights tax	216,945	276,593
Other	234,548	222,088
Gasoline tax	150,092	148,055
	2,779,320	2,620,484
Investment		
Other	134,851	120,530
Interest	62,824	60,094
Sinking fund earnings	47,284	53,185
	244,959	233,809
Fees and Fines		
Fees	224,698	213,565
Fines	13,630	12,723
	238,328	226,288
Offshore royalties	2,238,563	1,753,931
Other	367,807	319,583
Total Provincial Sources	5,868,977	5,154,095
Federal Sources		
Atlantic Accord (2005)	1,152,785	305,697
Atlantic Accord (1985)	556,729	188,578
Health and social transfers	536,990	517,467
Cost-shared programs	254,568	235,643
Other	56,544	63,286
Equalization	-	477,375
Total Federal Sources	2,557,616	1,788,046
Net income of government business enterprises - see note	205,368	198,759
	8,631,961	7,140,900

NOTE

See Schedule 4 for a breakdown by entity.

Schedule 11

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Expenses by Department
For the year ended 31 March 2009
with comparative figures for 2008

	Actuals 2009	Actuals 2008
	($000)	($000)
General Government and Legislative Sector		
General Government Sector		
Consolidated Fund Services	442,352	509,752
Executive Council	96,813	82,082
Finance	535,771	377,903
Government Services	36,909	32,746
Labrador and Aboriginal Affairs	4,658	4,165
Public Service Commission	3,906	3,261
Transportation and Works	421,591	391,559
Legislative Sector		
Legislature	18,923	25,060
	1,560,923	1,426,528
Resource Sector		
Business	4,003	2,756
Environment and Conservation	60,311	52,595
Fisheries and Aquaculture	16,501	12,841
Innovation, Trade and Rural Development	27,303	27,691
Natural Resources	95,424	84,104
Tourism, Culture and Recreation	59,406	53,491
	262,948	233,478
Social Sector		
Education	1,303,906	1,188,019
Health and Community Services	2,347,471	2,136,951
Human Resources, Labour and Employment	292,427	278,594
Justice	209,316	182,120
Municipal Affairs	183,193	171,061
Newfoundland and Labrador Housing Corporation	121,377	103,477
	4,457,690	4,060,222
	6,281,561	5,720,228

NOTE

Expenses by Department include expenses by organizations in the Government reporting entity which report to that department.

Schedule 12

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Expenses by Object
For the year ended 31 March 2009
with comparative figures for 2008

	Actuals 2009	Actuals 2008
	($000)	($000)
Salaries and employee benefits	2,723,030	2,428,187
Operating costs	1,148,322	1,045,505
Grants and subsidies	951,506	876,301
Debt expenses	744,719	751,305
Professional services	392,484	348,777
Amortization and loss on sale of tangible capital assets	184,532	176,891
Property, furnishings and equipment - see note	97,021	88,706
Valuation allowances	39,947	4,556
	6,281,561	5,720,228

NOTE

This amount includes expenses for property, furnishings and equipment that do not meet the established definition or thresholds for tangible capital assets.

Schedule 13

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Revenue and Expense by Sector
For the year ended 31 March 2009

	General Government and Legislative Sector	Resource Sector	Social Sector	Total
	($000)	($000)	($000)	($000)
REVENUE				
Provincial				
Taxation	2,810,883	568	-	2,811,451
Investment	201,703	1,245	42,011	244,959
Fees and Fines	117,747	36,959	83,622	238,328
Offshore Royalties	-	2,238,563	-	2,238,563
Other	33,414	30,687	307,193	371,294
Government of Canada	2,276,369	30,572	250,675	2,557,616
	5,440,116	2,338,594	683,501	8,462,211
Net income of government business enterprises	123,168	82,200	-	205,368
Total Sector Revenue - note 2	5,563,284	2,420,794	683,501	8,667,579
EXPENSE				
Salaries and employee benefits	421,917	98,478	2,232,588	2,752,983
Operating costs	274,577	92,524	784,241	1,151,342
Grants and subsidies	15,763	52,623	885,765	954,151
Debt expenses	688,645	143	55,931	744,719
Professional services	44,348	10,243	337,893	392,484
Amortization and loss on sale of tangible capital assets	74,978	6,120	103,434	184,532
Property, furnishings and equipment	8,608	2,616	85,797	97,021
Valuation allowances	32,086	3,689	4,172	39,947
Total Sector Expense - note 3	1,560,922	266,436	4,489,821	6,317,179
Sector Results - before adjustments	4,002,362	2,154,358	(3,806,320)	2,350,400
Inter-Sector Eliminations	(32,131)	3,487	28,644	-
Annual Surplus (Deficit)	3,970,231	2,157,845	(3,777,676)	2,350,400

NOTES

1. **Sectors**
The sectors identified above are consistent with the presentation of the Consolidated Statement of Operations and the 2008-09 Estimates. Each sector includes the revenues and expenses of the applicable departments and the organizations in the Government reporting entity which report to their respective department. Certain amounts have been allocated on a systematic basis. Refer to Schedule 11 - Expenses by Department for a list of departments included within each sector.

2. **Sector Revenue**
Sector revenues include revenues generated from within the Government reporting entity. These inter-sector transactions are eliminated upon consolidation. Total eliminations pertaining to revenues amount to $35.6 million resulting in total revenue of $8,632.0 million as per the Consolidated Statement of Operations.

3. **Sector Expense**
Sector expenses include expenses incurred from within the Government reporting entity. These inter-sector transactions are eliminated upon consolidation. Total elimination pertaining to expenses amount to $35.6 million resulting in total expense of $6,281.6 million as per the Consolidated Statement of Operations.

Schedule 14

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Reconciliation of Budgetary Contribution (Requirement) to Consolidated Accrual Results
For the year ended 31 March 2009
with comparative figures for 2008

	Actuals 2009 ($000)	Actuals 2008 ($000)
Budgetary Contribution (Requirement)	2,193,448	1,071,262
Surplus (Deficit) - Actuals (consolidated accrual)	2,350,400	1,420,672
Difference - note 1	(156,952)	(349,410)
The difference is comprised of the following:		
Consolidated Revenue Fund - note 2:		
Sinking fund earnings	(46,516)	(52,129)
Accrued retirement costs - interest	238,593	186,189
Accrued retirement costs - other	101,853	38,950
Amortization of foreign exchange gains/losses	(17,565)	(10,601)
Other debt expenses	(4,101)	(2,987)
Bad debt expenses	2,086	29,242
Amortization expense related to tangible capital assets	80,969	78,750
Tangible capital asset acquisitions/adjustments - net	(188,835)	(132,502)
Inventories of supplies	264	(2,104)
Accrued revenues and expenses	(176,311)	(266,791)
	(9,563)	(133,983)
Other entities - note 3:		
General Government and Legislative Sector	27,915	(30,612)
Resource Sector	(84,490)	(86,354)
Social Sector	(90,814)	(98,461)
	(147,389)	(215,427)
Difference	(156,952)	(349,410)

See accompanying notes.

NOTES TO THE RECONCILIATION OF BUDGETARY CONTRIBUTION (REQUIREMENT) TO CONSOLIDATED ACCRUAL RESULTS
For the year ended 31 March 2009

1. Reconciliation of Budgetary Contribution (Requirement) to Consolidated Accrual Results

This schedule reconciles the budgetary contribution (requirement) of the Consolidated Revenue Fund as per the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund to the accrual surplus (deficit) on a consolidated basis. The change shown consists of year end accrual adjustments for the Consolidated Revenue Fund and accounting policy adjustments to the annual results of government organizations. The original budgeted consolidated accrual surplus for the period as per the Estimates was $543.9 million.

2. Consolidated Revenue Fund

The Consolidated Revenue Fund accrual surplus for 31 March 2009 was $2,203.0 million as per Volume II of the Public Accounts. The original budgeted Consolidated Revenue Fund accrual surplus for the Province of $425.9 million was not disclosed in the 2008-09 Estimates but was obtained from internal documentation.

Sinking fund earnings represent the interest earned on the sinking funds during the year less the sinking fund income returned to the Province from the sinking funds retired.

Accrued retirement costs (interest) represent the net interest expense on the unfunded pension liability and the group health and life insurance retirement benefits.

Accrued retirement costs (other) represent primarily the employer contributions that exceeded the current service costs for pensions as well as group health and life insurance retirement benefits.

Amortization of foreign exchange gains/losses represent the amortization of the unrealized foreign exchange gains/losses.

Other debt expenses represent primarily the change in the accrued interest expense on the debt and capital leases.

Bad debt expenses represent the net increase in the allowance for doubtful accounts receivable, loans, investments, and guarantees made by the Province.

Accrued revenues and expenses represent all other changes in revenues and expenses during the year (e.g. equalization, sales tax, salaries and benefits).

3. Other Entities

This represents the accrual surplus (deficit) of all other government organizations after material adjustments have been made to conform to the accounting policies of the Province. The General Government and Legislative Sector and the Resource Sector adjustments include the above and reverses the cash received by the Province and records the net income for Newfoundland and Labrador Liquor Corporation and Nalcor Energy respectively. During the year, C.A. Pippy Park Commission and Nalcor Energy were reallocated from the General Government and Legislative Sector to the Resource Sector. Comparatives have been restated to be consistent with the 31 March 2009 statement presentation.

Schedule 15

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Government Reporting Entity
For the year ended 31 March 2009

GOVERNMENT ORGANIZATIONS

	Board of Commissioners of Public Utilities
	Bull Arm Site Corporation
	Business Investment Corporation
	C.A. Pippy Park Commission
	Central Regional Health Authority
	College of the North Atlantic
J	Conseil scolaire francophone provincial de Terre-Neuve et Labrador
	Consolidated Revenue Fund
D	Credit Union Deposit Guarantee Corporation
note 1	Eastern Regional Health Authority
J	Eastern School District
D	Embalmers and Funeral Directors Board of Newfoundland and Labrador
	Heritage Foundation of Newfoundland and Labrador
	Labrador-Grenfell Regional Health Authority
J	Labrador School Board
	Labrador Transportation Initiative Fund
	Livestock Owners Compensation Board
A	Marble Mountain Development Corporation
	Memorial University of Newfoundland
	Multi-Materials Stewardship Board
	Municipal Assessment Agency Inc.
	Newfoundland and Labrador Arts Council
	Newfoundland and Labrador Centre for Health Information
	Newfoundland and Labrador Crop Insurance Agency
	Newfoundland and Labrador Farm Products Corporation
	Newfoundland and Labrador Film Development Corporation
	Newfoundland and Labrador Housing Corporation
	Newfoundland and Labrador Immigrant Investor Fund Limited
	Newfoundland and Labrador Industrial Development Corporation
	Newfoundland and Labrador Legal Aid Commission
	Newfoundland and Labrador Municipal Financing Corporation
	Newfoundland Hardwoods Limited
	Newfoundland Ocean Enterprises Limited
J	Nova Central School District
	Provincial Advisory Council on the Status of Women - Newfoundland and Labrador
	Provincial Information and Library Resources Board
D	Public Accountants Licensing Board
	Public Health Laboratory
O	Special Celebrations Corporation of Newfoundland and Labrador, Inc.
	Student Loan Corporation of Newfoundland and Labrador
	The Rooms Corporation of Newfoundland and Labrador

GOVERNMENT REPORTING ENTITY (continued)

GOVERNMENT ORGANIZATIONS

note 2 .	Western Regional Health Authority
J	Western School District

GOVERNMENT BUSINESS ENTERPRISES

D - note 3	Nalcor Energy
F	Newfoundland and Labrador Liquor Corporation

LEGEND

A	This entity has a year end of 30 April.
D	These entities have a year end of 31 December.
J	These entities have a year end of 30 June.
F	This entity has a floating year end to align with its four 13 week reporting periods. The fiscal year end of the entity will end on the first Saturday of April each year.
O	This entity had a year end of 31 October since operations ceased and the Corporation was dissolved.

NOTES

1 Eastern Regional Health Authority controls a number of foundations/associations which have not been consolidated within their financial statements. In accordance with Public Sector Generally Accepted Accounting Principles, these organizations have been included within the Province's 2008-09 Consolidated Summary Financial Statements. These entities are as follows: 1) General Hospital Hostel Association; 2) Health Care Foundation of St. John's Inc; 3) Janeway Children's Hospital Foundation; 4) Northwest Rotary - Janeway Hostel Corporation; 5) Ever Green Environmental Corporation (formerly the Waterford Foundation Incorporated); 6) Dr. H. Bliss Murphy Cancer Care Foundation; 7) Discovery Health Care Foundation Inc.; 8) Trinity-Conception-Placentia Health Foundation Inc.; 9) The Burin Peninsula Health Care Foundation Inc.; 10) Blue Crest Cottages; 11) Golden Heights Manor Cottages; 12) Lions Manor Inc.; and 13) TCRHB Housing Complex Inc.

2 Western Regional Health Authority controls a number of associations which have not been consolidated within their financial statements. In accordance with Public Sector Generally Accepted Accounting Principles, these associations have been included within the Province's 2008-09 Consolidated Summary Financial Statements. These entities are as follows: 1) Gateway Cottages Association-Cottages Project; 2) Gateway Cottages Association, Apartment Project; 3) Inter-faith Home for Senior Citizens - Cottages #3; 4) Bay St. George 8 Unit Cottages & Emile Benoit House; 5) Inter-Faith Home for Senior Citizens-Cottages #1 & #2; and 6) Bay St. George Senior Citizens Home-30 Unit Cottages.

3 In December 2008, the Energy Corporation of Newfoundland and Labrador officially changed its name to Nalcor Energy.